

FINANCIAL TIMES

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FRIDAY JANUARY 22 1999



FT Weekend tomorrow
Highland games:
new rules, and the
winners take the land



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The BAe/GEC merger

Tomorrow in the Financial Times: the inside story of the deal to create the world's third largest defence company, leaving French and German rivals seething on the sidelines.



WORLD NEWS

Brussels raises stakes in trade dispute with US

The dispute between the US and the European Union over trade in bananas escalated as Brussels sought to prevent Washington from obtaining the approval of the World Trade Organisation to impose sanctions on EU exports. Page 24

Speed urged in defence integration Ministers and officials from six countries yesterday tried to speed up the progress towards integration of European aerospace and defence industries. Europe, Page 3

Fischer warns on euro stability Joseph Fischer, Germany's foreign minister, warned that Europe's new single currency could be destabilised if European Union nations failed to implement reforms. Europe, Page 2

US deficit soars to \$15.5bn The US trade deficit in goods and services soared to \$15.5bn in November, as the global downturn hit the otherwise strong American economy. US, Page 6

World Bank's effectiveness slips The long-term effectiveness of World Bank projects in east Asia and the Pacific has dropped sharply following the Asian financial crisis. International, Page 4

ECB widens band on rates The European Central Bank stuck to its decision to widen the band between its emergency deposit and lending rates, despite pressure for a narrower band. Europe, Page 2

Thai asset sale to resume Thailand's attempt to sell assets seized in 1997 from bankrupt companies resumes next month with the auction of 134 pieces of real estate. Asia-Pacific, Page 7

New efforts to curtail impeachment US Democrats have renewed their efforts to bring President Bill Clinton's impeachment trial to an early conclusion. US, Page 6

German economic growth slowing German economic growth is slowing, the job market is deteriorating and business confidence fell in December for the seventh month in a row. Europe, Page 2

Russians mark Lenin's death Russia's Communist faithful yesterday marked the 75th anniversary of the death of revolutionary Vladimir Ilich Lenin.

Iraqi opposition rejects aid offer Iraq's main Shi'ite Muslim opposition group has rejected an offer of aid from Washington to help finance efforts to topple President Saddam Hussein.

China defends human rights record China brushed aside US outrage at its human rights policies, inviting critics to visit the country and see for themselves the freedoms enjoyed by average Chinese.

BUSINESS NEWS

French PM backs possible link-up by Nissan and Renault

French prime minister Lionel Jospin threw his weight behind a possible tie-up between Nissan Motor, Japan's second biggest carmaker, and Renault, the party state-owned French carmaker. Companies and markets, Page 25; Lex, Page 24

LVMH, the French luxury goods leader, is to buy Krug from Rémy-Cointreau, the wines and spirits group, for FR1bn (£152m, \$177m), the highest price paid for a champagne house. Companies and markets, Page 25

Sazpar, the Russian natural gas producer, will set up an offshore company to secure foreign credits for its key \$2bn pipeline project in an innovative attempt to raise money in the wake of the Russian financial crisis. Companies and markets, Page 25

German economic growth is slowing significantly, the job market is deteriorating and business confidence fell in December for the seventh month in a row, according to two new reports. Europe, Page 2

Ford Motor Company, the second largest US car and truck maker, forecast only a slight weakening in the strong North American auto market this year. Companies and markets, Page 25; Personal view, Page 22

Sears, the struggling UK conglomerate, accepted an increased offer of £549m (\$906m) from Philip Green, the retail entrepreneur. Page 30

Prescription drugs sales in North America rose 11 per cent to \$77.4bn in the year to November 1998. Trade, Page 5

Intel, the US chipmaker, has signed a letter of intent to invest in Samsung Electronics, South Korea's biggest semiconductor company, by purchasing \$100m of convertible bonds. Asia-Pacific companies, Page 29

Thailand's leading banks reported huge full-year losses as provisions for bad debt hit their profitability and capital ratios. Asia-Pacific companies, Page 29

Lego Group, the Danish toymaker, warned losses for last year might reach Dkr300m (\$47m). The group suffered an earnings plunge in 1997 after 15 years of stronger revenues and higher profits as children opted for more high-tech toys. Europe companies, Page 27

Euro Prices
A comprehensive statistical guide to the euro currency zone, covering foreign exchange, bond and equity markets. Page 27

Argentina studies dollar blueprint

Buenos Aires could replace peso in bid to restore stability

By Ken Warn in Buenos Aires and Stephen Fidler in Washington

Argentina's central bank yesterday presented the government with a blueprint on how the country could surrender its currency in favour of switching to the US dollar.

The radical step could prompt other Latin American countries to consider abolishing their own national currencies and entering a new dollar zone in a bid to restore stability to the region. President Carlos Menem ordered the report from Pedro Pou, central bank president, last week as the Brazilian devaluation crisis broke.

Submission of the report came against a background of further currency turmoil in Latin America. The Brazilian Real had weakened a further 8 per cent against the US dollar by mid-afternoon, reviving fears of mounting inflation.

Argentina already has a currency board which locks the peso to the dollar. A majority of bank deposits are in dollars, as are many long-term contracts such as mortgages.

But a full-scale switch to the dollar would be politically sensitive. Because only the US Federal Reserve would have the power to print dollars, the US would have greater control over the Argentinian economy.

Some - but not all - senior economy ministry officials are promoting the idea enthusiastically and meetings have already taken place with US Treasury and Federal Reserve officials.

Mr Pou told ministers the best option would not be to act unilaterally, but to dollarise under the terms of a binding accord, or "monetary association treaty", with the US.

Other nations in the region would be free to negotiate signing the treaty. Private-sector groups in Mexico have recently advocated a stronger link to the dollar.

Dollarisation would require detailed negotiation with the US, and would have to be approved by Argentina's congress. Officials said the idea had been under discussion for some time and was not a short-term response to the Brazilian crisis.

However, the Brazilian devaluation and Mr Menem's frustration over the high interest rate premium Argentina has to pay due to investors' fears of devaluation appear to have given added impetus to the debate.

For some time officials have been studying how to "deepen" convertibility, the currency board system which pegs the peso to the dollar at par, and enhance stability. Under the sys-

tem, introduced in 1991, Argentina has brought its fiscal deficit under control and registers one of the world's lowest inflation rates.

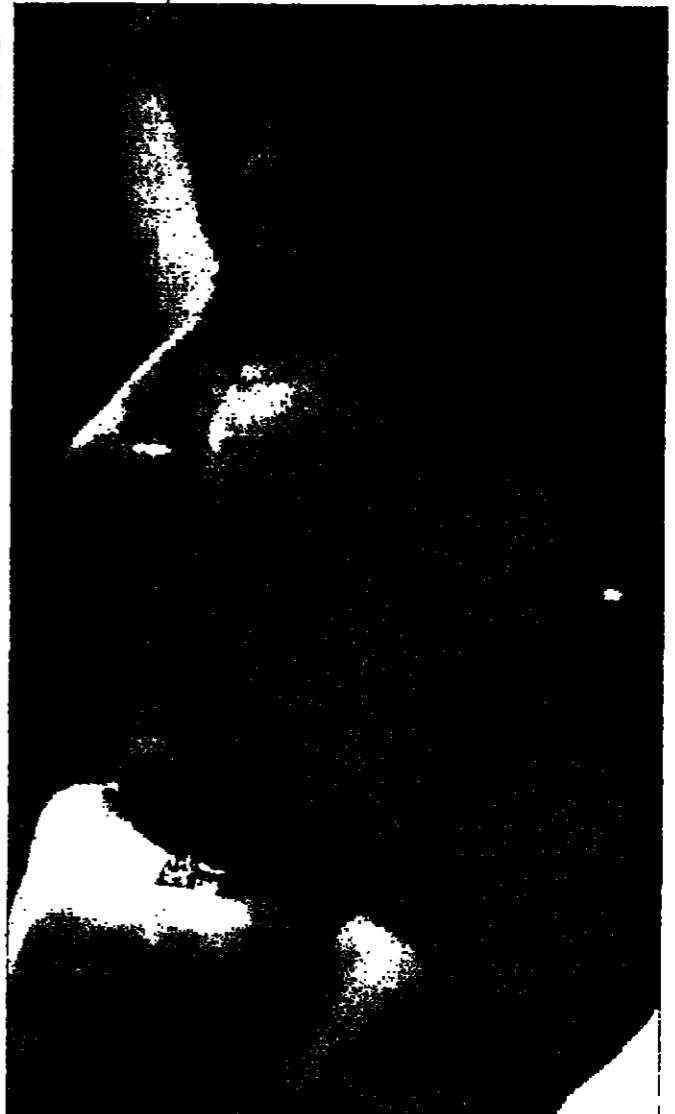
However, investor perceptions of a devaluation risk are reflected in higher interest rates. Officials argue surrendering the peso to eliminate those concerns would bring benefits similar to those achieved by the countries entering European monetary union.

The US is ready to explore the issue further, according to an individual in Washington familiar with the discussions.

Argentina can dollarise without US agreement, but economists say that co-operation with the US over a number of issues - particularly over the operation of the "lender of last resort" function in the event of a financial crisis - would improve its operations.

Mr Pou yesterday termed such a negotiated option "dollarisation-plus". Other difficult issues would have to be thrashed out with the US, including the issue of seigniorage - the interest earned by the central bank on the dollar reserves used to back the currency under convertibility.

Brazilian debt concerns, Page 5
Personal view, Page 22
Editorial Comment, Page 23



Undetained: Chief UN war crimes prosecutor Louise Arbour, twice refused entry to Kosovo this week. Yesterday the Canadian judge vowed she would continue investigating the Racak massacre. Pressure on Milosevic, Page 2. AP

FRENCH PRIME MINISTER SAYS COMPENSATION 'WILL HAVE TO BE FOUND' FOR SCRAPPING REPROCESSING AGREEMENTS

Jospin warns Bonn over nuclear contracts

By Robert Graham in Paris, Andrew Taylor in London and Frederick S. Mendenhall in Bonn

Lionel Jospin, the French prime minister, warned the German government yesterday that it risked upsetting international relations if it scrapped nuclear reprocessing contracts backed by the previous administration.

German plans to halt reprocessing of its spent nuclear fuel at French and British plants from the end of this year also came under fire from British ministers and members of the European Parliament.

Mr Jospin, in a French parli-

amentary debate on energy policy, rejected German arguments that French and British nuclear reprocessing companies would not be eligible for substantial financial compensation because a change in government policy represented *force majeure*.

He said: "A friendly neighbour makes his choices; nevertheless there are international commercial agreements. If alternating governments [in Germany] can use *force majeure* to question international treaties, this will destabilise international relations. There is no reason to pour oil on the fire, but we have every reason to defend our legitimate

interests. Adequate damages will have to be found."

Dr Gordon Adam, vice-chairman of the European Parliament's energy committee, expressed concern at apparent contradictory signals from Bonn after Werner Müller, Germany's economics minister, told the committee on Tuesday he thought contract terms should be observed.

Dr Adam said: "I don't think the new German government has fully thought through its energy policy, which is why we are receiving contradictory signals." Stephen Byers, British trade and industry secretary, said: "We

should not let the Germans off the hook. To be blunt about it, they have got to honour their legally binding contracts."

Until now, the French government had sought to play down the conflict and still hopes a bilateral commission, agreed in December with Chancellor Gerhard Schröder, will lessen the controversy.

The total value of reprocessing contracts at risk with the French nuclear reprocessor, Cogema, is estimated at DM6bn (£4.8bn, \$5.8bn). At least 15 per cent of Cogema's La Hague facility in northern France was conceived to handle spent German fuel. The

total value of contracts with British Nuclear Fuels, which employs 2,000 people in northern England, is DM3.9bn.

Jürgen Trittin, Germany's Green environment minister, yesterday said he was sure Mr Jospin would agree that national parliaments were the highest authority in a democracy, meaning a German parliament decision to end reprocessing would constitute *force majeure*.

German government officials denied there was a fundamental split between Mr Trittin and Mr Müller, and claimed it was possible to avoid compensation having to be paid.

Laura Ashley turns to TV evangelist

By Maggie Gray

Laura Ashley, the international retailer of English country style from frocks to furniture, is seeking divine help for its earthly problems by appointing Pat Robertson, the American evangelist, as a non-executive director.

Mr Robertson, prominent TV preacher and former Republican presidential candidate, owns 2m shares in the company. He will help in its effort to overcome years of seemingly intractable difficulties which a string of chief executives has failed to solve.

Another chief executive was appointed yesterday, taking the total to eight since the group listed on the stock market in 1985. So is it turning to the power of prayer? A senior company official said: "If that's what it takes... and don't quote me on that."

One analyst said: "It will certainly take a miracle to sort out Laura Ashley."

The difficult task now falls to Kwan Cheong Ng, who is replacing Victoria Egan as chief executive. Mrs Egan, appointed in August, is leaving the group for family reasons and will not receive compensation. Mr Ng, already a non-executive

director of Laura Ashley, is managing director of Metrojaya, the retailing arm of Malayan United Industries, the group that last year paid £43.7m (\$72m) for a 40 per cent stake in Laura Ashley. Jusco, a Japanese group, owns a further 9 per cent of the shares.

Laura Ashley's story is one of the great disasters of British retailing. Founded by Laura Ashley in her kitchen, it soared to success. But Mrs Ashley died in an accident shortly before the company entered the stock market.

International expansion throughout North America, Europe and Asia has meant that the group has as many stores overseas as it does in the UK. But these have brought numerous problems with stock and distribution. The group is expected to lose £18m before tax in its financial year which ends this month.

The group's chairman is John Thornton, newly appointed co-chief operating officer of Goldman Sachs, the investment bank. Stephen Cox, company secretary, said Mr Thornton would continue to devote significant time to Laura Ashley.

As for Dr Robertson, Mr Cox said: "He is a very, very wealthy and successful entrepreneur."



Time for a change of direction?

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WORLD MARKETS

STOCK MARKET INDICES	
New York: Dow Jones Ind Av	9,272.23 (+33.08)
NASDAQ Composite	2,355.19 (+20.30)
Europe and Far East	
CAC40	4,154.03 (+35.88)
DAX	3,188.27 (+21.51)
FTSE 100	4,022.5 (-28.3)
FTSE Europe 300	1,214.21 (+15.71)
Nikkei	14,245.42 (+217.37)
US LAMINATE RATES	
Federal Funds	4.5%
3-mth Treas Bill: Yld	4.32%
Long Bond	10.11
Yield	5.13%
OTHER RATES	
UK 3-mo Interbank	5.1%
UK 10 yr Gil	137.25 (137.25)
USA Eurodollar	5.4%
Germany 10 yr Bund	108.40 (108.18)
Japan 10 yr JGB	100.138 (100.163)
NORTH SEA OIL (August)	
Brent Dated	\$11.12 (10.94)

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Euro-zone target price £2.15. Prices in local currency as shown					
Bulgaria	061.300 Istanbul	80285	Drama	21.10.00	
Belgium	DF60 (€2.23)	Italy	13000 (€2.01)	Pakistan	21.75
Canada	US\$4.00	Japan	201.75	Peru	€2016.68
Denmark	DKr18.00	South Africa	1000.750	Qatar	0R13.00
France	FRF120 (€2.19)	Spain	121.00	Russia	R18
Germany	DM16.00	Sweden	121.00	South Africa	R18
Greece	Dr20	Switzerland	121.00	Spain	Ps205 (€1.39)
Hong Kong	HK\$100 (€2.19)	Thailand	121.00	Switzerland	Sfr2.00
India	Rs175	USA	121.00	Thailand	Thb2.00
Indonesia	Idr2000	UK	121.00	USA	\$2.00
Italy	Lit1000	Yemen	121.00	UK	£2.00
Japan	Yen100	Yemen	121.00	Yemen	Y2.00
Korea	Won100	Yemen	121.00	Yemen	Y2.00
Malaysia	Mal\$100	Yemen	121.00	Yemen	Y2.00
Netherlands	Fl100	Yemen	121.00	Yemen	Y2.00
New Zealand	NZ\$100	Yemen	121.00	Yemen	Y2.00
Norway	Nkr100	Yemen	121.00	Yemen	Y2.00
Philippines	Phil\$100	Yemen	121.00	Yemen	Y2.00
Poland	Pol\$100	Yemen	121.00	Yemen	Y2.00
Portugal	Port\$100	Yemen	121.00	Yemen	Y2.00
Romania	Rol100	Yemen	121.00	Yemen	Y2.00
Saudi Arabia	Sar100	Yemen	121.00	Yemen	Y2.00
South Africa	Rand100	Yemen	121.00	Yemen	Y2.00
South Korea	Won100	Yemen	121.00	Yemen	Y2.00
Taiwan	Tai\$100	Yemen	121.00	Yemen	Y2.00
Thailand	Thb100	Yemen	121.00	Yemen	Y2.00
USA	\$100	Yemen	121.00	Yemen	Y2.00
UK	£100	Yemen	121.00	Yemen	Y2.00
Yemen	Y2.00	Yemen	121.00	Yemen	Y2.00

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WORLD NEWS EUROPE

EXPULSION DEADLINE EXPIRES BUT OSCE ORDERS LEADER OF INTERNATIONAL OBSERVER MISSION TO DEFY YUGOSLAV PRESIDENT AND STAY AT HIS POST

Milosevic pressed to keep ceasefire in Kosovo

By Guy Dinmore in Belgrade
Yugoslav President Slobodan Milosevic came under concerted international pressure yesterday to uphold a ceasefire in Kosovo and cancel a decision to expel William Walker, head of the international observer mission in the Serbian province.

...told by the Organisation for Security and Co-operation in Europe (OSCE) to remain at his post in defiance of his expulsion order. Diplomats said that, under advice from Nato, Mr Walker cancelled plans to fly to Belgrade for fear the Yugoslav authorities would divert his aircraft out of the country. Kofi Annan, UN secretary-general, urged Mr Milosevic to rescind the decision and

allow the UN war crimes tribunal to investigate the deaths of 45 ethnic Albanians in Račak village last Friday. Belgrade gave Mr Walker his marching orders after he accused Serbian police of massacring them in cold blood. Two senior US envoys, James Pardew and Chris Hill, were negotiating with Mr Milosevic in Belgrade as the deadline for Mr Walker's

expulsion passed. On Tuesday, Nato's two senior generals, Wesley Clark and Klaus Naumann, left similar talks empty handed. But diplomats hoped the Yugoslav president would find a way out of the confrontation. Mr Walker has also received death threats from the "Black Hand", a shadowy Serb nationalist group. The OSCE's 54 member

states agreed in Vienna that the entire mission of 800 unarmed observers would leave Kosovo if Mr Walker were forced out. This would take away the thin line that has so far prevented Kosovo sliding back into all-out war. Departure of the monitors would also remove an obstacle to Nato air strikes. The monitors have been put on "stage one" alert, meaning

they are ready to leave at a moment's notice. Nato regards intervention as a last resort and there are indications that unanimous backing within Nato for military action could be hard to achieve. Joschka Fischer, German foreign minister, said the use of force must be a "last possible option". "What is the objective of the exercise? In the light of what hap-

pened in Iraq, these are massive questions," he said, in reference to the recent US-British bombing of Iraq. The OSCE dispatched its current chairman, Knut Vollebæk, Norwegian foreign minister, to Belgrade to try to negotiate a way out of the crisis. Responding to French press reports that cast doubt on the alleged massacre in Račak, the OSCE said it stood by Mr Walker's assess-

ment. Mr Milosevic has refused to grant access to UN war crimes investigators. But a team of Finnish forensic experts were yesterday allowed to start examining the corpses lying in a state morgue. Louise Arbour, chief war crimes prosecutor, said yesterday she would investigate the deaths in Račak "with or without access to the territory".

German business confidence dips again

By Tony Barber in Frankfurt
German economic growth is slowing significantly, the job market is deteriorating and business confidence fell in December for the seventh month in a row, according to two reports published yesterday.

ECB sticks to its decision to widen rates band

By George Graham, Banking Editor
The European Central Bank yesterday stuck to its decision to widen the band between its emergency deposit and lending rates, despite pressure for a narrow band to help ease problems with the management of payment flows and with bottlenecks in its Target ECB system. Commercial banks will

now have to pay a penal interest rate of 4.5 per cent if they have to fall back on the ECB's emergency lending facility, and will get only 2 per cent if they have to deposit surplus funds with the ECB. The ECB's central interest rate is 3.00 per cent, but this is bounded by a deposit rate, at which banks can as a last resort deposit money they have been unable to place in the money market, and an

emergency lending window, to allow them to finance any last-minute shortfalls. Usually, these rates are set some way apart, so as to penalise any banks that have to make use of them. To help smooth the euro's launch, however, the ECB has until now maintained the deposit rate at 2.75 per cent and the lending rate at 3.25 per cent. In a bulletin published earlier this week, the ECB said

it had been surprised by the heavy use banks had made of the two facilities in the first few days of monetary union. Yesterday, however, it said that an extended use of the narrow interest-rate corridor would hamper the development of an efficient euro money market. Several banks said that continued difficulties with the operation of Target, which links the payment systems run by Europe's

national central banks, meant many banks were still finding it hard to manage their treasuries. As a result, a move to the narrow band would impose serious penalties on many banks. "It will hurt to have to refinance at 4.5 per cent," said Heilmut Konrad, managing director of international markets at HypoVereinsbank, the German bank. German banks have been by far the heaviest users of the two

facilities, and the Bundesbank is believed to have argued for keeping the narrow band for the time being. Other national central banks, however, argued that banks would not be driven to improve the management of their payment flows until they faced punitive interest rates on central bank borrowing or deposits. Because of the many arguments between banks about who was responsible for a

payment not coming in on time, the Heathrow Group, which brings together the biggest euro clearing banks, yesterday announced temporary arrangements for calculating compensation for delayed payments. The proposed 3.2 per cent flat compensation rate is meant to make it easier to clear up disputes and allow the smooth movement of euros around the banking system.

Voices from the margin: EU regions get heard in Brussels

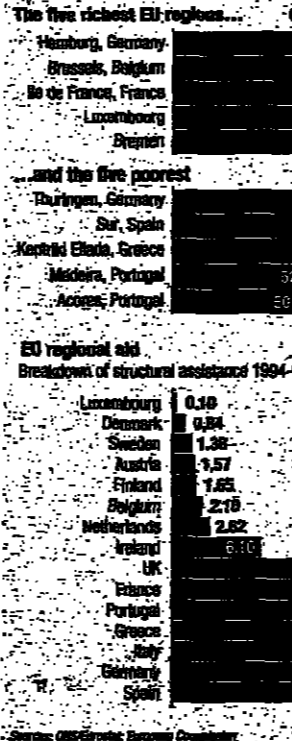
There are now more than 160 regional representative offices in Europe's capital, quietly building up their presence and influence alongside those of the 15 member states, writes Brian Groom

The love affair between Europe's regions and Brussels is about to deepen. Elected assemblies being created in the UK in Scotland, Wales and Northern Ireland will soon be opening offices in the European Union's capital. They join a growing throng. While national states act out their volatile relationship in the Council of Ministers - the EU's main decision-making body consisting of cabinet ministers from each government - the regions have been quietly building up their presence, and influence. In 1985 just six EU regions had offices in Brussels. Now there are more than 160, far exceeding the 15 national representations. Some are almost as big as embassies. "If you're going to Brussels," people from Inverness to Athens say, "bring back a grant." Regions swear there is more to it than that. Europe is on a decentralising trend. The postwar creation of the Länder, or states, in Germany has been followed by devolution in Spain, France, Italy and Belgium - and now in the United Kingdom. Its impact is clearly felt in Brussels. It's only a couple of years ago that Italian regions were

able to establish offices here," says Robin Small, Brussels director of the Regional Assembly for Yorkshire & Humberside, representing 23 local authorities from northern England. "French regions are still reined in by central government but I am sure they are trying to break out." He adds: "Portugal is setting up regions. Greek regions are taking on more powers. Spanish regions are increasing their powers. Belgium has become federal. Flanders and Wallonia are vociferous in the European arena. Even the Irish are becoming more regional." While some, such as Patrick Le Gales and Christian Lequesne, editors of a recent book, Regions in Europe, argue that in spite of appearances, regions have "weak autonomy, weak resources, weak political capacity and weak legitimacy", the regions are adamant they are not wasting their time. Many have fought national governments to be represented - the Basques won a case at Spain's constitutional court - and all believe they benefit from being in Brussels. Aside from regional aid grants, they seek advance intelligence on proposals that will affect them, pro-

gramme their businesses and universities can join, and alliances with like-minded regions. "If you wait for the government to give you information you are much too late," says Veronique Planes, delegate general for France's Rhône-Alpes. Imma Buldu-Freixa, Catalonia's delegate, says demand for back home is so great that staff have grown from two to 16 since its office opened in 1996. The British, paradoxically for such a centralised country, have 30 Brussels offices, more than any other member - a measure of fragmented local governance. Scotland has Scotland Europa, an office representing public and private organisations. The Scottish parliament's representation is likely to move in with it, and will want to join the big league of influential regions, such as Catalonia and Bavaria. This will take it into the ambitious arena of regions that seek to influence policy. Bavaria, run by the conservative Christian Social Union, opened its Brussels office 10 years ago, attracted by single market reforms and determined to keep big government - from Brussels or Bonn - off its back.

Europe: help is on the way



It believes it has had some influence, though it fears its achievements may be reversed by Europe's new centre-left governments. "We have forbidden monopolies, we have deregulated air tariffs, telecommunications and energy. Re-regulating all these by consumer policy - environmental policy, by guidelines for employment - is dangerous," says Reinhold Böckel, European affairs minister. Isolating a single region's influence is difficult. Harder still is evaluating Europe's economic benefits to regions. They fight hard for structural funds, which now take one third of the EU budget, but their effectiveness is still in question. The four poorest nations - Greece, Ireland, Portugal and Spain - rose from 66 per cent of average EU gross domestic product to 74 per cent in the 10 years to 1996. But there was no reduction of the gap whereby GDP per head in the EU's 10 richest regions is 4.5 times that of the 10 poorest. Monika Wulf-Mathies, regional aid commissioner, defends the funds' record: "Even the most backward regions have gained about 5

percentage points in GDP... This is a long-term programme and not something where you can have immediate success." The Commission wants to reform the system after 2000, however, concentrating aid on needy areas by reducing the proportion of population covered from 51 per cent to 40 per cent. The Commission feels it has a common purpose with regional officials - not just to outflank national delegations. They are the hands-on practitioners who implement EU policies. Scotland, Wales and

Northern Ireland, in turn, see opportunities, including the possibility that their ministers could lead the UK delegation in the Council of Ministers on certain matters, as the German states do on culture. But benefits will not flow automatically. There is potential for conflict with the UK government, especially if different parties are in power in London and Edinburgh, for instance. Regions in other countries have learnt that differences must be sorted out at home if they are to wield influence in Brussels.

Commissioner calls for change in censure rules

By Peter Norman in Brussels
Hans van den Broek, a member of the European Commission, yesterday called for legal changes to allow the European Parliament to single out individual commissioners for censure.

Responding to last week's near-crisis in Strasbourg when the entire Commission leadership faced a motion of censure in the European Parliament, Mr van den Broek said the possibility of individual censure would increase the accountability of the non-elected body. Although expressing a personal view, Mr van den Broek's idea was significant in that a member of the Commission "college" was prepared to contemplate sacking individual colleagues over cases of corruption and mismanagement in the EU executive.

Fischer in warning on euro stability

By Michael Smith in Bonn
Joschka Fischer, German foreign minister, warned yesterday that Europe's freshly minted single currency could be destabilised if European Union nations failed to implement financial and institutional reforms. Europe needed to agree more qualified majority voting and implement changes including the number and selection of European commissioners. "The stability of the euro as an independent international currency will depend on how we tackle these [reform] issues," he said. He said the euro could also be affected if countries failed to agree soon on a separate "Agenda 2000" deal to reform the EU's budget, Common Agricultural Policy and regional aid. Germany, which holds the rotating EU presidency, has pencilled in February 26 for a possible informal summit aimed at ensuring a final deal on Agenda 2000 in March. Agriculture ministers have agreed to try to agree on changes to the Common Agricultural Policy before the planned informal summit, although there are doubts about their ability to do so. Mr Fischer's comments were made as he and fellow ministers briefed journalists on Germany's plans for the presidency, which it holds until July. Aspirations include pushing for a charter for basic rights for citizens, which could include guarantees for individuals to pursue the religious and profes-

sions of their choice. The charter could include a right for citizens to take governments and institutions to the Luxembourg Court of Justice. Professor Eckart Pick, parliamentary state secretary in the Justice Department, acknowledged the charter would be controversial and could take some years to agree. But he also said it would be a major step forward in guaranteeing legal rights for individuals across the EU. Germany is also hoping to reach agreement in June on a date for an inter-governmental conference on institutional reform, probably after 2000. Mr Fischer said changes to qualified voting rules were essential prior to the EU's enlargement to 21 countries. "This is not the plan of evil German federalists trying to get qualified voting through the back door. It is the view of civil servants and governments throughout Europe."

Testing euro's mettle, Page 23

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entire Commission, which is possible under present rules and requires a two-thirds majority of the votes cast by MEPs. He admitted that his ideas on the individual accountability of commissioners had changed. Parliament's present "nuclear option" of censuring and sacking the entire 20-strong executive was inappropriate when the Commission was assuming greater responsibilities following the introduction of the euro. Scope for individual censure would reflect the growing importance of parliament and the obvious wish of many MEPs to have such powers. Reforming the rules of censure would take time and require a change in EU treaties. Since Mr van den Broek is not expected to be appointed to the new Commission that is due to take office at the beginning of next year, it is unclear how much weight his words will carry. His ideas would have to be considered in the context of a broader reform of the EU institutions that is due to be discussed by EU leaders at their June summit in Cologne. The reforms would then have to be negotiated in an intergovernmental conference of the 15 countries.



Constantinescu refuses to back down to miners

By Joe Cook in Bucharest
Emile Constantinescu, Romania's president, yesterday said his country's democracy would be compromised if concessions were made to a band of striking miners who broke through a police cordon 3,500 strong to press on towards Bucharest. Violence erupted yesterday afternoon after the miners' leader, Miron Cozma, rejected government offers to negotiate an end to their advance on the capital, which began on Monday. Tear gas grenades and baton charges by riot police had no effect on the miners who outnumbered police near the village of Cotesti, 190km north west of Bucharest. In the process they grabbed and beat up a local government official. At least 66 people including 15 policemen were injured. Gabriel Dejeu, interior minister, resigned after it became clear that the miners, aided by residents of Cotesti, had outwitted the riot police. His replacement is Constantin Dudu Ionescu, a former deputy defence minister. President Constantinescu said the government "must negotiate, but reforms cannot be negotiated. Giving into force and violence would prove Romania does not have a solid democracy." The miners, from the Jiu

Valley coal region, are now in their third week of a strike in support of a 35 per cent wage rise and an end to government plans to close 140 coal and other mines. Mr Constantinescu said any concessions on market oriented reforms would have "catastrophic consequences for Romania, which this year is in an economic crisis, has no financial resources and must pay its foreign debts." A World Bank delegation is in Bucharest for negotiations over a possible \$500m credit. On Monday a team of International Monetary Fund negotiators arrives in Romania to hold talks about a new standby agreement.

Testing euro's mettle, Page 23

Vertical text on the right edge of the page, partially cut off. Visible text includes: "speed urg", "in defence", "integration", "unveils Holocaust", "memorial design", "enter crucial phase", "gains support", "output falls".

Handwritten Arabic text at the bottom of the page: "سكنا من الراجل"

French spending declines

By Robert Graham in Paris

French household consumption fell in the final quarter of 1998, underlining the economic slowdown.

Consumption declined 0.4 per cent against a 2.5 per cent increase in the previous three months, according to figures released yesterday by Insee, the official statistics agency. Insee said the main reason for the sharp difference between the two final quarters of 1998 was a drop in car purchases. These fell by 6.5 per cent compared with a 20 per cent jump in the third quarter.

December figures showed a month-on-month fall of 0.4 per cent. With car sales stripped out, the decline was 0.1 per cent against November. Insee also said the November household consumption data have been revised downwards to minus 0.5 per cent. However on a year-on-year basis, consumption was still up 4.2 per cent on December 1997.

The tapering off of household spending is likely to lead economists to revise further downward estimates for 1999 growth, bringing them well below 2.5 per cent.



Ruth Dreifuss: 'We feel a real dependence on the EU'

New Swiss president brings a more international tone

William Hall, Frances Williams and William Dawkins meet Ruth Dreifuss, the country's first female and Jewish leader

Switzerland is less the odd man out of Europe than it used to be.

That, at least, is the conviction of Ruth Dreifuss, president of the staunchly non-aligned country, as it digests the arrival of the euro, perhaps the strongest European challenge to Swiss sovereignty in decades.

"We feel a real dependence on the EU. For us, the answer is to strengthen Europe and be part of Europe and support the idea of a Europe that can develop a common economic policy," says Ms Dreifuss, who took office on January 1. This is a more international stance than most of her predecessors.

She is an example of a more open habit of mind among Swiss decision-makers. Not that Swiss presidents make many decisions. They hold the job for just a year and have little power over the country's 26 fiercely independent cantons, which decide many of the things elsewhere left to national governments. But Ms Dreifuss, a rosy-cheeked former trade union official, is Switzerland's first woman and first Jewish president, as well as one of a new breed of more international politicians. She appears a breath of fresh air.

But in what way is Switzerland becoming more European? First, argues Ms Dreifuss, it is being pushed by the growing power of the European Union and the globalisation of the markets served by Switzerland's powerful multinationals. "Switzerland is influenced by decisions in so many international bodies that we should be where the decisions are taken," she says.

It will inevitably join the EU, she says. Increasingly it looks as though Switzerland could join within the next decade. Ms Dreifuss, 58, is confident it will be in her lifetime. "I don't want to die very soon," she laughs. "I am sure Switzerland is a natural member of the EU."

Switzerland can fit into the federalists' vision of a Europe in which sovereignty is shared by regional governments and European bodies while national governments play a diminishing role. That is already the dynamic in the division of power between cantons and central government.

Last month's bilateral accord with the EU, which gave it some of the advantages of EU membership, is not the final step, says Ms Dreifuss. She says she is sad that Switzerland is not associated with the current internal discussions in the EU. "It may not be modest to say so, but we have some experience and skills of federalism in Switzerland."

Of course not everyone in Switzerland is as pro-European as Ms Dreifuss, who belongs to the French-speaking minority. Christoph Blocher, a successful businessman and leading member of the Swiss People's party, is the closest thing that Switzerland has to an official opposition. He is adamantly opposed to closer ties with the EU and his populist rhetoric strikes

a chord with a growing slice of the electorate.

Switzerland's foreign minister and justice minister, both members of the pro-European Christian Democrats, announced last week they planned to step down in April to rejuvenate their party, which has been losing support to Mr Blocher.

The multitude of business regulations still set by cantons means that Switzerland, in any case, has a long way to go to achieve the open

internal market that the EU demands. But the pro-European mood of the business and political elite is starting to trickle down.

Ms Dreifuss recognises the unresolved tensions. "There are two Switzerlands: an open and competitive Switzerland of international companies and an old Switzerland of cartels and local power. The old Switzerland is in turmoil, shaken by change from the outside world."

Speed urged in defence integration

By David White in Madrid

Industry ministers and senior officials from six European countries tried yesterday to speed up progress towards integration of aerospace and defence industries and to jolt the partners of Airbus to move ahead faster with restructuring.

The UK reassured the other participants it still wanted to push ahead with an ambitious cross-border project, after British Aerospace announced plans to purchase GEC's Marconi division, a move that has prompted Germany's Dasa to declare consolidation with Bae impossible.

John Battle, the British minister of state for industry, said the mood of the meeting was very positive.

Although the Bae-Marconi deal is seen as obstructing or delaying wider European merger initiatives, he said it won "pragmatic acceptance" from the French government. Christian Piarret, French industry minister, told the meeting it was now necessary to push forward, and his Italian counterpart, Pier Luigi Bersani, said the Bae deal could even be a starting point for a wider integration process, according to officials.

Tony Blair, British prime minister, had a telephone discussion on the issue with Gerhard Schröder, the German Chancellor, on Wednesday night.

Mr Blair's spokesman said: "It was clear from the conversation with Mr Schröder that they do believe that this can be the beginning of the restructuring but not the end."

The ministers called on the companies involved in the four-nation Airbus group to complete their plans for making the venture into a "single corporate entity" as soon as possible, saying the scheme was of "central importance" to broader integration.

They agreed to bring the main aerospace and defence groups together in another meeting in Rome by the summer. Mr Battle was optimistic that by then "things could look very different".

The meeting was one of a series begun last year between ministers from the UK, France, Germany, Italy, Spain and Sweden.

Josep Piqué, Spanish industry minister, said the participants were "clearly convinced that if we cannot build a European-scale industry we will not be able to compete".

NEWS DIGEST

FRESH PLAN FAILS TO SILENCE DEBATE

Bonn unveils Holocaust memorial design changes

Germany took the wraps off a compromise US design for a Holocaust memorial in Berlin yesterday, hoping to end a bitter argument over how to remember the Nazi slaughter of Jews.

But the twice-altered plan by New York architect Peter Eisenman did little to silence the 10-year-long debate between supporters of a sombre monument and advocates of a Holocaust museum similar to those in Washington and Jerusalem. Mr Eisenman's is the leading contender of four designs.

The final word does not lie with Chancellor Gerhard Schröder but with members of parliament, who will have a free vote. But opposition to the plan could delay a decision until the end of the year.

After the poll defeat in September of Chancellor Helmut Kohl, who backed the original plan, the Schröder administration asked Mr Eisenman to include a Holocaust archive and other educational features into a new design. But Lea Rosh, head of a lobby group that backed the first Eisenman design, rejected the compromise, saying Berlin did not need another documentation centre. Reuters, Bonn

GERMAN LABOUR

Talks enter crucial phase

German labour talks will enter a crucial phase today when metal industry employers submit their counter-proposal for wage increases for 1999.

Expected to be somewhere around 2 per cent, the employers' proposal would fall well below the 6.5 per cent rise demanded by the metalworkers union, IG Metall. The metal employers, or Gesamtmetall, also want more flexibility. Employers will insist on one-time payments to supplement any proportional wage rises. Because one-time payments need the approval of each company's workers and employers' representatives, they would be implemented only in companies that can afford them.

Flexibility is a thorn in the side of IG Metall, which has traditionally favoured wage agreements that apply to the entire industry regardless of the profitability and size of individual companies. Any settlement in the western German chemical industry would be seen as a role model. In May, chemical workers and employers settled on a 2.4 per cent wage increase plus a one-time payment of 1.1 per cent of the annual income. Uta Harnischfeger, Frankfurt

ITALIAN COALITION

D'Alema gains support

Massimo D'Alema, Italy's prime minister, appeared yesterday to have averted a threat to his coalition government when he won an affirmation of support from the tiny UDR party.

The UDR, which was meeting last night, was expected to affirm its support for Mr D'Alema. The mini-crisis caused by the UDR has, however, left the coalition looking shaky.

After a late-night meeting with three ministers from Francesco Cossiga's UDR on Wednesday, Mr D'Alema yesterday said the meeting had shown there was agreement on the government's programme. At the heart of the row is a struggle for Italy's political centre. Mr Cossiga's actions followed a meeting on Tuesday of the Olive Tree coalition, which he views as a threat to the centrist power base he is striving to build. David Lane, Rome

SETBACK FOR KIEV

Ukraine output falls

Ukraine's gross domestic product fell 1.7 per cent last year, continuing the country's trend of economic decline since 1989, the State Statistics Committee said yesterday.

The former Soviet republic had posted slow economic growth for the first eight months of 1998, and the government had hoped to finish 1998 with a 0.5 per cent increase in GDP.

But the plan had to be revised because of the economic crisis that hit neighbouring Russia in August, which also spread to Ukraine and made the government's failure to implement market reforms since the 1991 Soviet break-up even more pronounced.

The government recently acknowledged that the decline was likely to continue this year, with the economy expected to shrink by 1 per cent. AP, Kiev

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INTERNATIONAL

PROJECT EVALUATION LONG-TERM EFFECTIVENESS IN EAST ASIA AND PACIFIC DROPS SHARPLY

World Bank's success rate hit by Asian crisis

By Stephen Fidler in Washington

The long-term effectiveness of World Bank projects in east Asia and the Pacific has dropped sharply following the Asian financial crisis, according to an evaluation by the Bank published yesterday.

The report also concluded that the Bank had generally reduced its project failure rate over the last two years but too many projects still neglected to address the

development of institutions within borrowing countries, the Bank said.

Strong institutions - including legal systems, government bureaucracies and arrangements to supervise banks and protect property rights - have come to be seen as essential for economic development and social stability. Yet only 40 per cent of bank projects have a substantial impact on the development of institutions, the report concluded.

The average of Bank projects with a satisfactory outcome increased from an average of 65-70 per cent in 1990-96 to 75 per cent or higher in 1997 and 1998, the study said. This resulted in part from significant quality improvements in two poorly performing sectors - finance and public sector management - and in Africa.

Projects with long-lasting or sustainable outcomes rose from 46 per cent in 1990-1996 to 54 per cent in 1997. (The

Bank's fiscal year closes at the end of June.) But this percentage dropped to 50 per cent in 1998 - largely because of a sharp drop in the long-term sustainability of projects in east Asia and the Pacific. This fell from 68 per cent in 1997 to 43 per cent in 1998. There was at the same time a doubling of the projects in that region at risk of not achieving their objectives.

The report pointed out that improved project performance alone was not a

sufficient objective - because the international environment had become much more hostile as financial crises have hit more and more borrowing countries.

These large risks in the international economy meant the long-term effects to be generated by completed projects was likely to be smaller.

Africa enjoyed a significant improvement in policy performance - particularly in agriculture -

but it remained the region with the highest chance of project failure.

Also the report noted that part of the higher success rate occurred simply because project objectives had been outlined more modestly since 1996.

Thus the improved project outcomes were not matched either by gains in project sustainability or by development of institutions. Institutional development has been emphasised by James Wolfensohn, World

Bank president, as an important World Bank goal. But though bank projects are performing better than they did with respect to improving institutional development, there remained scope for much further improvement and the issue needed greater emphasis, the report said.

1998 Annual Review of Development Effectiveness. World Bank 1818 H Street NW, Washington DC 20533 USA

Azeri oil grouping decides to close

By Carolea Goll in Baku, Azerbaijan

Azerbaijan's second international oil consortium announced yesterday it was closing down after failing to find commercial levels of oil in its offshore exploration block in the Caspian Sea.

Representatives of the Caspian International Petroleum Company (Cipco), led by Pennzoil of the US, with Agip of Italy and Lukoil of Russia, said they were abandoning the \$1.7bn Karmahk field after a day-long meeting in Azerbaijan's capital, Baku.

"We found gas, we found oil and we found gas condensate, but we did not find enough of it," said James Tilley, president of Cipco. "A lot depends on the price of oil and there is quite a gap between what we found and what would be commercial in today's market. We needed to find roughly twice as much," he said.

The Azerbaijan State Oil Company, Socar, which has a 7.5 per cent share in the consortium, said it still considered the field viable. Vitaliy Beglyarbekov, the deputy chief of the foreign investment division, said development would depend on the price of oil.

"We think there are prospects at that structure," he said. "But a lot depends on the market price, technology and the desire of foreign companies on the project." A Cipco source however said that even with a buoyant oil price, "there were simply not enough reserves to justify it".

Over the three years of its contract Cipco drilled three wells at a cost of \$180m. It discovered only gas in the first two wells. After much wrangling with Socar over whether to continue exploration, Cipco drilled a third and final well last autumn, but only found small quantities of oil and condensate.

Gazprom, Page 25

Prospect of federal reform raised in Nigeria

By Michael Holman and William Walls in Lagos

The prospect of radical changes to Nigeria's federal structure came a step closer yesterday when Olusegun Obasanjo, the country's former military ruler, said he was prepared to respond to calls for greater regional autonomy by presiding over a process of constitutional reform should he win next month's presidential election.

If conceded, such a move could prove a landmark in Nigeria's post-independence history and help to defuse tensions between the traditionally dominant north of the country and other regions over the allocation of federal funds and mismanagement of the economy.

But it also raises the likelihood that a new civilian government, due to take over in May, would be preoccupied by complex constitutional issues at a time when the country is gripped by its most serious economic crisis since independence in 1960.

Asked in an interview with the Financial Times

how he would respond to demands for greater autonomy for Nigeria's south-west region, stronghold of the Yoruba dominated Alliance for Democracy, Gen Obasanjo replied: "If the majority of Nigerians, through their accredited representatives, feel that something should go into our constitution, so be it. It does not bother me and there are two ways you can pursue that - either through amending the constitution or setting up a constituent assembly." Gen Obasanjo, although a Yoruba, is a front runner for the presidential nomination of the People's Democratic Party (PDP), one of three parties contesting civilian rule elections.

Until now, the PDP, with strong links with the impoverished north, has ducked calls for such a conference, fearing that greater autonomy for other regions - including the oil-producing Delta states - could lose it the economic patronage it has enjoyed and lead to its own marginalisation.

At the heart of the issue is competition over the federal



A Lagos taxi driver sleeps in his car after waiting 48 hours in a petrol station queue. Fuel shortages are common in Nigeria, the world's sixth largest oil producer. Regional tensions over allocation of oil revenues might be eased by constitutional reform.

government's allocation of oil export earnings. It comes at a time when protesters in the Delta region are demanding a greater share of the oil revenue.

They have already reduced production of Nigeria's 2m b/d by 200,000 and have threatened further action. Gen Obasanjo's endorsement of a constitutional review may also be intended to boost his chances of winning nomination as the PDP's presidential candidate for it should allay some of the bitter

opposition to his presidency in his home area in the south-west.

He is considered by many Yorubas to be little more than the front man for a party allegedly controlled and financed by retired generals. The dismal showing of the PDP in the south-west in state government elections this month has lent weight to rival presidential aspirants such as former vice president Alex Ekwueme who helped the party sweep his south-eastern region.

They argue that if Gen Obasanjo is unable to win his own home ward he may prove a liability at the presidential election for a party that has otherwise dominated elections so far.

The next round of voting in Nigeria's phased transition takes place on February 20 with elections for the national assembly, followed by the presidential election a week later. The selection of presidential candidates is due by February 12.

Olympic leaders knew of bribes claims 'for years'

By William Lewis in New York and Patrick Harverson in London

Richard Pound, the international Olympic committee official leading the investigation into the corruption scandal engulfing the Olympic movement, said yesterday the IOC had been trying "for years" to find proof that its members took bribes from bidding cities.

"We have found evidence of very disappointing conduct by a number of IOC members" involved in choosing the host city for the 2002 Winter Olympics, he told an international sports conference in New York.

Reports have indicated that Mr Pound's inquiry discovered that at least a dozen IOC members or their relatives received cash, gifts or donations from officials representing Salt Lake City, which two years ago successfully bid to host the 2002 Winter games.

His report goes to the IOC in Switzerland this weekend, and many, if not all, of the IOC officials named as recipients of gifts and favours from Salt Lake City are expected to resign or be forced out as a result of the findings. One IOC member, Pirjo Haggman of Finland,

has already resigned her seat on the IOC.

The allegations of bribery and corruption in the bidding process which have rocked the IOC emerged last month when one of its most senior officials, Marc Hodler of Switzerland, said he knew of several IOC members who were bribed to support the Salt Lake City bid.

Since then, Mr Pound said, "the investigation has been unflinching in pursuit of the truth. We have tried for years to get something hard so we can act on all the rumours. We have never been able to do so."

In a rare display of contrition from a top Olympic official, the Canadian lawyer said the IOC "would like to express our sincere apologies for the actions of certain IOC members... To some degree, we brought this on ourselves." Since the scandal broke, the IOC has come under intense pressure from Olympic sponsors to take swift and dramatic action.

However, Mr Pound did not back calls for the US city to forfeit its right to host the Olympics. "Salt Lake City was the best candidate in the race for the 2002 Winter Games. Salt Lake City deserves to host the 2002 Winter Olympic Games."

REPUBLIC OF ECUADOR
COUNCIL FOR MODERNIZATION OF THE STATE (CONAM)
TECHNICAL COOPERATION AGREEMENT CT-1136-EC
 International Competition No. 001-1136-98

**QUALIFICATION AND SELECTION OF INVESTMENT BANKS OR CONSORTIUMS
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Request for proposals

The Committee for the selection of Investment Banks of Ecuador's Council for Modernization of the State (CONAM) requests proposals from interested investment banks or consortiums of firms led by investment banks that have highly specialized expertise and experience in privatizing electrical sector companies in Latin America. These banks/firms must belong to countries that are members of the Inter-American Development Bank (IDB) and participate in international competition No. 001-1136-98 whose objective is the contracting of the following services necessary for privatizing Ecuador's electrical distribution, transmission and generation companies: investment banking services; legal, financial, technical and auditing services and other complementary services.

The investment bank or consortium will be required to achieve the following objectives: i) preparing Ecuadorian companies for privatization, ii) determining the market value of each company, iii) developing and implementing marketing strategies for the sale of shares, iv) actual sale of shares to strategic operators-investors, and v) prepare strategies for subsequent divestiture of remaining shares through the capital markets and/or private placement. Banks interested in participating in this international competition should provide documents indicating their prior experience and expertise in electrical sector privatization and their legal, technical, economic and financial qualifications to complete the required work.

The general conditions for this process are the following:

- The payment of services will be provided by Project CT-1136-EC "Support for Private Infrastructure Investment" that is being financed by the Inter-American Development Bank (IDB) together with resources from the Government of Ecuador.
- The procedures for qualification, selection and contracting will be carried out in accordance with the bidder documents, the provisions contained in Technical Cooperation Agreement CT-1136-EC and its Annexes signed by IDB and the Government of Ecuador. It will be implemented in accordance with the Ecuador's Law for "Modernization of the State, Privatization and Provision of Public Services by Private Firms", and the Electrical Sector Modernization Law and its applicable regulations.
- Investment Banks or Consortiums that wish to participate in this international qualification and selection process can obtain the bidding documents for this competition at the Secretariat of CONAM's "Committee for the Selection of Investment Banks" located on the 10th floor of the National Finance Corporation (CFN) building at Juan León Mera and Avenida Patria in Quito, Ecuador from January 18th, 1999 prior to payment of US\$ 500.00 as a subscription fee.
- The technical responsibility for coordination and implementation of all required services will be with the Investment Bank, either alone or in its capacity as leader of a Consortium. In the case of consortiums any of its members may purchase the bidding documents. A key criterion for selection of the winning proposal will be the Investment Bank's and in the case of a Consortium, it's members' prior experience in successfully privatizing electrical distribution, transmission and generation companies in Latin America.
- Envelopes containing the documents required for qualification and selection, prepared in the form indicated in the bidding documents, must be presented in the above mentioned CONAM office until 4:00 P.M. on March 4th, 1999 at which time the envelopes will be opened in the presence of all participants interested in this event.
- Any additional information about this process can be requested in writing at the above address or at the following:
 Telephones: (593) 2-505-025 / (593) 2-509-432
 Facsimile: (593) 2-508-632 / (593) 2-228-450
 E-mail: jmorillo@uio.conam-pertal.gov.ec
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AND
 IN THE MATTER OF THE
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NOTICE IS HEREBY GIVEN that a Petition was on 18 January 1999 presented in Her Majesty's High Court of Justice for confirmation of the resolution of the shareholders of the company standing in the credit of the above-named company, share premium account by

AND NOTICE IS FURTHER GIVEN that the said Petition is situated in the heard Royal Courts of Justice, Strand, London WC2A 2LL on 18 February 1999.

ANY creditor or shareholder of the said company desiring to oppose the making of an Order for the confirmation of the said resolution of the shareholders standing in the credit of the company, shall present a statement in support of the said resolution in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any person requesting the same by the undersigned solicitors, on payment of the regulated charge for the same.

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THE AMERICAS

GLOBAL DOWNTURN VEHICLES, FURNITURE AND TELECOMS EQUIPMENT LEAD IMPORTS SURGE

US trade deficit at record high

By Deborah McGregor in Washington

The US trade deficit in goods and services soared to \$15.5bn in November, as the global economic downturn continued to take its toll on the otherwise strong American economy.

The accompanying increase in imports that have been stoking up the trade imbalance for several months. US exports fell by 1.9 per cent in November, to \$78.7bn, with sales of aircraft, computer equipment and farm products declining sharply.

\$94.1bn, with the biggest increases seen in imports of vehicles, furniture and telecommunications equipment. Economists predicted that the growing trade deficit would eat into overall growth in the economy, shaving as much as 1.5 percentage points from gross domestic product growth in the fourth quarter of 1998.

For Japan, the trade deficit hit \$58.2bn for the same year, an increase of 14 per cent. The one bright spot in the region was South Korea, where a fledgling economic recovery helped spur demand.

imports began to abate in November. US steel companies blame imports for widespread redundancies and losses in the industry. The import surge has also fanned protectionist fires in Congress.

'They record operating system sales by hand on sheets of paper'

Trial testimony shows Microsoft finances do not make use of sophisticated technology

By Richard Wolfe in Washington

You might expect the world's biggest software company to manage its finances with sophisticated technology. But one of the more astonishing insights of the US government's three-month-old antitrust trial of Microsoft came from the company's first defence witness this week, who revealed the true state of affairs at the software giant's headquarters.

Richard Schmalensee, dean of the Sloan school of management at Massachusetts Institute of Technology, told the court how he had tried to see Microsoft's profits data on its best-selling products. "I did ask Microsoft the extent to which the business could be broken down between operating systems and applications but I was told the data that is separated in that fashion simply did not exist," he said.

prices for Windows and it is constantly engaged in innovation to stay ahead of the competition," Mr Schmalensee says in his written testimony. "Its behaviour is far more consistent with that of a firm engaged in intense dynamic competition than a firm sitting on a secure monopoly."

communications, its alleged victim. Mr Schmalensee concedes that a software leader can quickly become entrenched because of the widespread use, or "network effects", of its technology. "It is not winner-take-all competition, but it is winner-take-most competition," he said.

Brazilian currency falls sharply again

By Geoff Dyer in São Paulo

The Brazilian Real fell sharply again yesterday, retaking fears that last week's decision to let the currency float will revive inflation in Latin America's largest economy.

The central bank raised interest rates on Monday to try to stabilise the currency but capital outflows of around \$300m a day have continued this week. Traders said the banks had enough dollars earlier in the week to meet demand but liquidity had dried up yesterday.

Deutsche Bank has lowered its forecast for the year from a 2.5 per cent fall in GDP to 4.5 per cent. Merrill Lynch is also forecasting a 4.5 per cent drop. Many economists think interest rates will have to stay higher to stabilise the Real and cut inflationary pressures from the devaluation.

Shares on the São Paulo stock exchange had dropped 3.82 per cent, while the price of the O-Bond, the most liquid Brazilian Brady bond, was 68 per cent lower. The currency came under pressure despite the government's convincing victory in Wednesday's vote in the lower house of Congress over a controversial pension reform, a central part of the government's emergency budget cuts.

New moves to curtail Clinton impeachment

By Mark Szuzman in Washington

Buoyed by a powerful presentation by White House lawyers in President Bill Clinton's impeachment trial, Democrats yesterday renewed efforts to bring proceedings to an early conclusion without witnesses.

John Kerry, a Democratic senator from Massachusetts, said he felt the White House presentation had been so strong that the Senate should move to an immediate vote on whether to acquit the president as soon as it completed the 16 hours of scheduled questions to both sides.

and then hear arguments from both sides over whether to call witnesses. The Republican majority is still expected to reject a quick dismissal and approve at least a few witnesses. But in a sign that they are reluctant to prolong the trial indefinitely, it appears likely that the number of potential witnesses will be sharply scaled back from the 10-15 originally proposed by the "managers" from the House of Representatives who serve as Mr Clinton's prosecutors.

CONTRACTS & TENDERS

ABN-AMRO Bank IONIAN FINANCE INVITATION TO SUBMIT BINDING OFFERS FOR THE PURCHASE OF THE ANTIBIOTICS PRODUCTION PLANT OF IPTK - GREECE

Canada may cut film tax breaks for foreign groups

By Edward Alden in Toronto

Canada should restrict its tax credits for feature film production to Canadian film companies, a move that would put an additional C\$85m (US\$63m) in the hands of Canadian producers, a committee established by Sheila Copps, Canadian heritage minister, said yesterday.

ada should set a goal of increasing screen time for Canadian films from 2 per cent to 10 per cent by 2004. The tax recommendation is likely to anger not only US producers, who are shooting a growing number of Hollywood films in Canada, but Canadian provincial governments such as Ontario and British Columbia that have eagerly courted foreign productions.

Talking to a wider audience

Cheryl Mills stands out from white male lawyers, writes Richard Wolfe

One face stood out this week as lawyer argued over the fate of the president in the marble-clad chamber of the US Senate.



Mills: not a member of the club

After a series of middle-aged white men debated every detail of the president's conduct, Cheryl Mills, the deputy White House counsel, made a striking intervention in the impeachment trial.

She began by citing her credentials: "As a lawyer, as an American and as an African-American." And she ended with a passionate defence of Mr Clinton's rights, as is now the case.

Barbados PM gains landslide poll victory

Owen Arthur, the Barbados prime minister, was returned to office in one of the biggest landslide in the history of the island, Reuters reports from Bridgetown.

19 seats in the last parliament to eight for the rival Democratic Labour party, said the victory was an "awesome" responsibility for his government.

Vertical advertisement on the right side of the page with various headlines: 'Economic failure', 'Bank profit', 'Industrial out', 'Telephony ruled', 'Peace promised'.

Handwritten Arabic text at the bottom of the page: 'صلى الله عليه وسلم'

urrency
ly again

Gitic failure starts to hurt other Chinese businesses

By James Harding in Shanghai

The fallout from a leading Chinese investment company's bankruptcy appeared yesterday to be spreading across China's financial industry after a prominent provincial government-backed enterprise technically defaulted on a repayment due on a loan of \$30m.

Fujian Enterprises told foreign creditors it would service the interest but be unable to meet the principal repayments on a syndicated loan falling due yesterday, a development likely to stoke bankers' concerns about lending to China.

The technical default comes as other Chinese investment companies report difficulties honouring foreign debts in the face of a liquidity crisis caused by the retreat of international lenders from China risk following the closure of Guangdong International Trust and

Investment Corporation (Gitic).

Foreign banks have been calling in credit and refusing to roll over loans to Chinese companies since last October's closure of the Guangdong itic, once the well regarded investment arm of the government of wealthy Guangdong province. Reluctance to lend to Chinese enterprises has become more acute since it became clear that they would have to shoulder substantial credit losses when Gitic filed for bankruptcy last week with debts of \$4.97bn.

Fujian Enterprises, an investment company owned by the government of Fujian province on China's eastern seaboard, is understood to have told foreign lenders that the credit squeeze caused by Gitic is to blame for its repayment problems.

The debt due yesterday was the first instalment of a \$50m five-year loan led in

1997 by CCIC Finance, the Hong Kong investment bank, which Fujian Enterprises now plans to appoint as its financial adviser. Reuters reported last night. The latest difficulties at Fujian Enterprises follow reports from bankers that the company had also been unable to meet payments on a separate \$70m loan maturing in 2000.

Officials at other Chinese finance and investment companies confirmed widespread strain on debt repayments as foreign lenders have withdrawn credit. "The business of all itics across China has been affected by the closure of Gitic," one official at Shanghai International Trust and Investment Corporation (Sitico) said.

Earlier this week, it was announced that another Guangdong-based itic, Guangdong Overseas Chinese Trust and Investment Corporation, has sought talks with foreign bankers

after defaulting on a \$50m syndicated loan which matured in December.

The restructuring of the trust and investment sector, estimated to include more than 200 itics, is one of the immediate challenges facing Dai Xianglong, China's central bank governor, at a meeting in Beijing this week of government officials and bankers focusing on financial sector reform.

One executive with a European bank in Shanghai said foreign banks will review their portfolios, the extent of their staffing for China lending and in some cases the value of their entire China operations in the light of the Gitic losses.

He also said that as international lenders pull back from China in the short-term, there will be further pressure on Chinese financial institutions: "It is going to affect anybody with maturing foreign liabilities."



Dark meeting to focus on banking reform Ashley Ashwood

Australia's anti-trust powers grow

By Owen Robinson in Sydney

The failure of a proposed Australian oil refining merger and a finding against fees charged by Australia's leading telecommunications carrier have this week highlighted the growing powers of Australia's anti-trust and consumer protection body.

The Australian Competition and Consumer Commission (ACCC) was blamed by Mobil Oil Australia yesterday for its decision to abandon talks with Shell Australia, the local unit of Royal Dutch/Shell, over plans to merge their Australian oil refining operations.

Mobil cited "uncertainty" over prospects of gaining the ACCC's required approval of the joint venture. The two companies had been locked in talks with the ACCC since they announced the plan in August. Allan Fels, the commission's chairman, had publicly suggested the merger would "substantially lessen competition".

Pessimism took hold at Mobil Australia in December when Mobil, its US parent, and Exxon announced their proposed global merger. The gloom deepened when Australia's two other main oil refiners, BP Australia and Caltex Australia, said they too were discussing a local joint venture.

Last night, Peter Duncan, Shell Australia's executive director, said he was "disappointed" by Mobil's withdrawal.

Two days earlier, the ACCC disappointed Telstra with a demand to halve rates it charged other carriers to interconnect with its network. In a draft ruling, the ACCC said Telstra's interconnection fees were "significantly above" international comparisons. It concluded that the company was "overcharging competitors" to use its network for long-distance and international calls.

It was the latest salvo in the ACCC's battle with Telstra, which is two-thirds government-owned. Last month, the ACCC issued a landmark draft ruling that Telstra should open its networks to allow competitors access to the local call market.

Telstra, which is expected to contest that ruling, said this week that the ACCC's latest order would force it to reduce network investment and increase rural line-rental charges.

For Mr Fels, it is all part of a mission he describes as "protection of the Australian consumer". His zeal has helped the ACCC grow from its earlier form as the government's trade practices watchdog. From 1994, the ACCC has developed powers beyond most anti-trust or fair-trade equivalents around the world.

Bank profits come under pressure in China

By James Harding in Shanghai

China's commercial banking industry has displayed evidence of the strains it is under, with two of the biggest Chinese banks this week reporting sharp falls in profits last year.

The downward pressure on profits underlines the stresses on a sector hobbled by bad loans that render the industry technically insolvent by western standards, and suffering from a worsen-

ing domestic business environment and falling interest rates.

Bank of China, the state-owned commercial bank with the broadest international exposure, announced a 40 per cent slide in profits last year to RMB3.52bn (\$525m) last year compared with RMB5.87bn in 1997.

China Construction Bank, another of the "big four" commercial banks, reported profits of RMB850m, 44 per cent down on the RMB1.51bn

in 1997. A bank official said the sharp reduction in profits was caused by the cuts in interest rates, which have badly dented margins.

Chinese banking officials have sought to show the 1998 figures as a relative success given the pressures on the financial sector last year in the wake of the Asian crisis. A bank of China spokesman said the results showed the bank "winning the battle against last year's financial turbulence".

But the results also show how China's banks have come under pressure as commercial borrowers have suffered in a deteriorating trading environment.

Industrial and Commercial Bank of China (ICBC), which has in the past concentrated on lending to industry, achieved better financial results in 1998. Profits rose to RMB3.39bn (from RMB3bn) as the bank saw a strong rise in lending business, notably in infrastruc-

ture construction projects, as well as a significant rise in domestic deposits, according to a bank official.

Leading commercial bankers and finance industry officials gathered for a conference in Beijing this week to discuss measures to address the big four banks' problem loans - which officially account for 20 per cent of their total assets.

The 1998 results are likely to reinforce the argument behind the plans to establish

asset management companies to handle bad and problem loans. Each of the leading four banks has won approval from the state council, China's cabinet, for companies to handle compromised assets, loosely modelled on the US Resolution Trust Corporation.

An official at the Agricultural Bank of China said: "How to put the approval into effect is the work that is ongoing at the conference in Beijing."

NEWS DIGEST

EXPORT ORDERS FALL

Taiwan industrial output struggles to grow

Taiwan's industrial output rose just 3.79 per cent last year compared with 1997, while export orders fell 4.0 per cent to US\$118.44bn, the Ministry of Economic Affairs said yesterday.

Industrial output in December was down 0.75 per cent from the same month a year earlier. The fall was steeper than many economists had expected, underlining a lack of overseas demand and the large company inventories. December export orders were worth US\$9.99bn, down 5.55 per cent compared with the same month the year before. Some economists had expected a sharper fall - Taiwanese exporters have been hit hard by price competition from south-east Asia and by falling demand in Japan and other main markets. Mure Dickie, Taipei

CHINESE COMPANIES

Forex fraud uncovered

China has uncovered a \$400m foreign currency fraud in the remote western province of Qinghai, an example of how Chinese enterprises have continued to pursue illegal channels to secure hard currency in spite of Beijing's countless pledges not to devalue the renminbi. China this week announced it would redouble efforts to crack down on foreign exchange fraud.

Five trading companies were found to have provided false import declarations to help other companies illegally buy more than \$400m since 1997, the Shanghai Securities News reported yesterday. The Qinghai companies had accepted RMB3.2m (\$386,000) in improper fees and distributed RMB2.74m among its staff, the newspaper said. James Harding, Shanghai

CHINESE COURT

Internet telephony ruled legal

A regional Chinese court has opened the floodgates to internet telephony by ruling that two entrepreneurs offering international calls over the internet in their shop are not breaking the law.

The Fuzhou Intermediate People's Court in the south-eastern province of Fujian decided that internet telephony was "just one of many computer information services, which, according to a state council circular issued in 1993 are not monopolised businesses". The court added that calls over the internet were technologically different from telephone calls.

The ruling, which overturns a decision by another Fujian court, represents a blow to China Telecom, the state-owned telecoms company, which has what is virtually a fixed-line monopoly. International calls over the internet can be made for the price of a local call, although the quality of voice transmission may be impaired.

There are many internet telephony operations in China but they have operated relatively secretly, unsure of whether they are breaking the law or merely exploiting a legal loophole. James Kynge, Beijing

INDIAN POLITICS

Cricket peace promised

A militant Hindu nationalist party yesterday withdrew threats to disrupt cricket matches between India and rival neighbour Pakistan, just in time for the Pakistan team's arrival in Delhi.

Balasaheb Thackeray, controversial leader of the Bombay-based Shiv Sena party, called off planned protests amid widespread media and political outrage at the threats of violence towards the Pakistani team. His move followed the urgent intervention of senior members of India's ruling Bharatiya Janata party, which is a coalition partner of Shiv Sena in both the national and Maharashtra state governments.

Shiv Sena activists last month ripped up the pitch in Delhi, where the first India-Pakistan match was to be played, and earlier this week were alleged to have ransacked India's national cricket headquarters in Bombay, smashing trophies won by India over the past decade. Mark Nicholson, Madras

US team upbeat on India ties

By Mark Nicholson in Madras

Prospects for US-Indian political and commercial relations could prove "better than ever", according to the head of a visiting US trade and investment delegation.

But Dean O'Hare, chief executive officer of Chubb, the US insurer, and chairman of the US-India business council, said optimism for a thaw, in spite of the sanctions and suspicions arising from India's nuclear tests last May, rested partly on "clear" and "positive signals" emerging from an eighth round of bilateral Indo-US talks next week.

"The events of May shook people up, but you have to look at this as an opportunity - which, if the two governments can seize it, could be very bright," he told a press conference after a two-day business seminar on investment in south India.

Strobe Talbott, US deputy secretary of state, is due to resume talks on nuclear proliferation and related issues with Jaswant Singh, India's foreign minister, in Delhi on January 27. Washington hopes that the talks will draw India into signing the Comprehensive Test Ban Treaty. Both sides have spoken of "encouraging" progress to date.

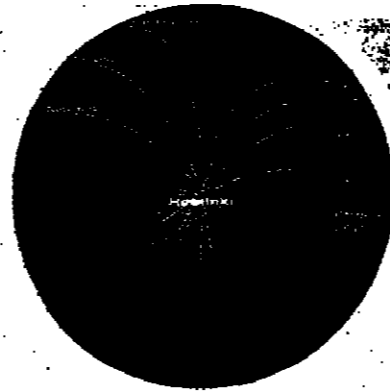
Mr O'Hare, leading the biggest group of US business executives to visit India since May, told the business seminar that the nuclear tests, and Washington's negative response, had threatened to "profoundly disrupt" US commercial relations with India. He said that had Washington applied in their entirety the sanctions permitted under the Glenn Amendment, this would have "spelled disaster" for such ties.

But US moves to waive some sanctions and offer flexibility towards others, combined with "sustained" dialogue between Washington and Delhi, had "opened possibilities for Indo-US collaboration previously unimaginable".

Mr O'Hare's upbeat tone was broadly shared by the 120 delegates to the US-India business conference. Many said sanctions, which apply chiefly to military or dual-use trade with India, had made little or no difference to commercial relations. "The whole sanctions issue has just faded into the background from a business perspective," said David Wolf, of Fremont Group.

Sanctions were ranked well behind other factors affecting India's business climate in a study of corporate attitudes.

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A NEW PERSPECTIVE

BRITAIN

STATE REVENUE COLLECTION 'AVOIDANCE UNDERMINES FAIRNESS IN BUSINESS,' SAYS TREASURY MINISTER

Tough law will combat heavy tax losses

By Jim Kelly in London

The Customs & Excise department yesterday unveiled the UK's first attempt to use a "catch-all" tax law to stem the loss of £1bn (\$1.6bn) in value added tax revenues every year since the late 1980s through complex corporate tax avoidance schemes.

Dawn Primarolo, paymaster general (a Treasury minister), is "determined" to make the tax system fairer. "Tax avoidance undermines fairness in business, by mak-

ing the tax burden fall heavier on those who do not pay for creative tax advice," she said.

The tax authorities suspect billions of pounds of tax is lost because companies use consultants to construct complex and legal avoidance schemes.

The draft law - a form of General Anti-Avoidance Rule - would mirror those in New Zealand and Australia in attempting to disqualify tax planning that falls within a broad definition of avoidance.

Successive governments have become disillusioned with using Budgets to tackle such tax schemes because by the time the law is changed millions of pounds have been lost. Tax law is not retrospective in the UK.

According to the draft there is a chance that businesses would have to pay if they wanted official clearance from Customs & Excise that a tax scheme was not going to fall foul of any new legislation.

The attempt to combat VAT avoidance comes along-

side a similar plan to introduce a "catch-all" tax law for direct taxation. Gordon Brown, chancellor of the exchequer, is enthusiastic about the draft measures.

The document was immediately attacked by tax advisers as giving too much power to the authorities and introducing uncertainty. "I think charging is wrong. It's bad enough having to pay tax let alone paying to find out if you have to pay it," said John Whiting, chartered tax partner with PwC, the professional services firm.

"Big ticket transactions depend on certainty because businesses need to know the tax outcome before binding themselves into a contract," said Celia Brennan, a KPMG expert in the construction industry.

Edward Troop - a former adviser to Kenneth Clarke, former Conservative chancellor, and a tax adviser with Simmonds & Simmonds said: "This is a fantasy approach. There is not a world out there where business ignores tax consequences."

The government moved close to victory yesterday in its long-running £15bn (£25bn) tussle with UK business over VAT claims, when the advocate general of the European Court found in its favour in a preliminary judgment. Business claimed Customs & Excise had collected the VAT illegally on the purchase of company cars since 1973. A final decision from the court is expected later this year but it normally follows the advocate's ruling. GAAR draft available at www.hmce.gov.uk

Virgin to target over-30s with store redesign

By Alice Rawsthorn in London

Virgin Megastores, one of the UK's largest music and entertainment retailers, plans to target older consumers, thereby reducing its reliance on the teenage market.

Like its rivals, Virgin Megastores has traditionally designed its stores to appeal to 15 to 24-year-olds. However, its new stores, and redesigned ones, will be oriented towards affluent over-30 year-olds, according to Simon Wright, the retailer's managing director.

"The over-30s don't buy as much music as they used to, because they don't feel comfortable in record shops; but they've got more money to spend than teenagers and they're likely to buy three albums, rather than one single," he says.

Virgin's change of strategy comes at a turbulent time in record retailing. It changed hands when Richard Branson's Virgin Group bought a majority shareholding from retailer WH Smith, and the rival HMV chain was spun off from the EMI music group into a new company with Waterstone's, the bookshop chain.

Borders, the US retailer, snapped up five UK sites for its books and music superstores. And traditional retailers are unsettled by the popularity of online record shops, notably CD Now and Amazon, and the trend for downloading pirated songs from the internet on MP3 sound files, which are then e-mailed to friends.

Virgin sent executives to the US and Europe to analyse interesting retail concepts there, and commissioned Red Jacket, the design consultancy, to develop new store layouts. The first new-look store will open in Glasgow, Scotland, late this year.

The design of the Glasgow store, which will be the UK's biggest record shop outside London, will "be very different in look and feel than anything we've done before, with quieter colours and less clutter," said Mr Wright.

If the new concept proves successful in Glasgow, Virgin intends to refine it for any future new stores.



A British soldier stands guard at the base, in the republican stronghold of west Belfast, is demolished

Ministers finish job begun by IRA

Fort Whitecock, one of the most symbolic British army bases in Northern Ireland, was demolished by the UK government yesterday after years of unsuccessful attempts by the Irish Republican Army. The building dominated the skyline of the republican district of west Belfast for 20 years. It is the first big British base in the region to be pulled down since the April 1998 peace deal. Its bomb-proof walls housed thousands of soldiers at the height of the "Troubles". Marie Moore, local Sinn Féin councillor, said: "We now hope the land will be given back to the people in the area to have an industrial estate and maybe even a tourist attraction."

ANTI-IMPOTENCE DRUG DOCTORS' LEADER SCORNS DECISION TO LIMIT DISTRIBUTION IN STATE HEALTH SERVICE

Pfizer attacks government's Viagra curbs

By Nicholas Timmins, Public Policy Editor

Pfizer, the maker of Viagra, may take legal action following the government's decision to ban prescription of the anti-impotence drug on the state health service for most conditions.

The decision, taken on cost grounds, was condemned as "cruel and wholly unethical" by Dr Jeremy Chisolm, family doctors' leader at the British Medical Association. Pfizer accused the government of breaching the founding principle of the

state health service that "medical treatment should be available to patients on the basis of clinical need alone".

The decision was welcomed, however, as "a sensible and workable solution to a difficult problem" by Stephen Thornton, chief executive of the NHS Confederation that represents health authorities and trusts in the state health service (NHS).

It means Viagra will only be available, at the rate of one pill a week, to patients whose impotence is due to a prostate operation, major

pelvic surgery, diabetes, spinal cord injury or multiple sclerosis. That is about 15 per cent of the total for whom Viagra is licensed, according to Pfizer.

Ken Moran, chairman of Pfizer, which is considering "all its options", accused the government of discriminating against patients with heart disease and psychological problems.

Frank Dobson, chief health minister, said impotence was "neither life-threatening, nor does it cause physical pain". Viagra, however, could increase ten-

fold or more the £10m to £12m a year which the state health service spends on impotence. The drug could become "a serious drain on NHS funds". To limit this impact its use of Viagra - and that of other present impotence treatments - would be restricted.

In cases of "severe distress" the drug will be available from hospital doctors. In the first major break with the principle that family doctors should not provide private treatment to NHS patients, they will be allowed to prescribe the drug privately to

patients with other causes of impotence.

Dr Chisolm said the decision made "a completely false distinction between good and bad causes of impotence, and acceptable and unacceptable ones. It is wholly unethical to distinguish between equal clinical needs on the crude basis of the cause of the impotence".

The BMA's family doctors' committee decided to defy the government's informal ban on Viagra, advising doctors to prescribe it freely until secondary legislation is in place.

PRIVATISED TRAIN OPERATORS JOHN LAING INTENDS TO TAKE CONTROLLING STAKE IN CHILTERN RAILWAYS

Construction group plans \$10m rail deal

By Charles Batchelor, Transport Correspondent

John Laing, the construction and civil engineering group, last night unveiled plans to acquire a controlling stake in Chiltern Railways, a privatised company that runs trains between London and Birmingham.

Laing has reached agreement to buy out 31, the development capital group, and acquire part of the present management's shareholding in a deal valued at \$5m (\$9.5m). Its shareholding

will rise from 26 per cent to 84 per cent.

But the change of control will require approval from the rail franchising director and the rail regulator. Chiltern is the fourth rail franchise to come under the control of one of its original shareholders and follows Go-Ahead Group's acquisition of full control of Thames Trains and First-Group's purchase of the Great Western and North Western Trains franchises last March.

The five directors of M40

Trains, Chiltern's parent company, will receive a total of £2.7m for 95 per cent of the company's shares worth £104,000 when first acquired 2½ years ago. It will receive £3.3m for its investment of £1.1m in a 23 per cent holding of ordinary shares plus a chunk of preference shares. Chiltern Railways has increased passenger numbers by 26 per cent since privatisation.

Laing said the deal would strengthen its involvement in the transport sector, which already includes

investments in tram systems in the West Midlands and Manchester and contract work for Railtrack, the privatised owner of most of the national rail infrastructure.

Cross-London rail routes avoiding the need for passengers to use the London Underground railway system are to be launched by GB Railways, the AIM-listed company that operates Anglia Railways.

The company also plans a service from London's Waterloo to the south coast port of Southampton, with a

fork to the town of Romsey that would compete directly with South West Trains. Relaxation of controls on rail competition from this year will allow train operators to launch services challenging existing operators.

The train operators are keen to respond to passenger demand for cross-London routes that avoid the need for connections on the Underground. The key for the operators is to find routes that do not involve costly investment in track or tunnels.

NEWS DIGEST

EU INVESTIGATION

Steel towns demand duties to stop 'dumped' exports

Steel producing areas in the UK yesterday pleaded for increased pressure on the European Union for tariffs on the market products they claim are being dumped on the market, strangling local manufacturers. The Steelworkers group, representing 28 municipal authorities in steel areas, called for heavy duties on hot rolled coil and other steel products. It claimed "flooding into Britain and threatening British jobs". Asian producers, in particular, were "sending their steel here and selling it at prices below what they charge in their own domestic markets". Steelworkers said the steel communities want British ministers to push for interim tariffs on imports when the European Commission produces a preliminary report on six steel dumping complaints brought by Eurofer, the European steel producers' association. The complaints allege dumping of hot rolled association. The complaints allege dumping of hot rolled association. The complaints allege dumping of hot rolled association. The complaints allege dumping of hot rolled association.

HEATHROW CLEANERS

Airport security probe ordered

The government yesterday ordered a full investigation into security at UK airports after a reporter using false references claimed to have been employed by a cleaning firm at London Heathrow, the country's biggest airport. John Reid, transport minister, also told BAA, the airports group, to withdraw temporary entry passes from employees of Skyline, a contract cleaning company at Heathrow. Mr Skyline, a contract cleaning company at Heathrow, Mr Reid said Skyline newspaper said he was left alone on aircraft at the airport. Wednesday's report in The Sun, the biggest selling UK daily paper, came 10 years after it exposed security failures at the airport in the wake of the Lockerbie bombing. Michael Skapinker, London

WORKPLACE REFORMS

BP workers win 47% rise

Pay increases of more than 47 per cent over the next three years can be expected from an agreement negotiated between BP Chemicals and the TGWU trade union at the company's polyethylene plant at Wilton, north-east England. Under the wide-ranging deal, jobs are to be cut by nearly a quarter, mainly through voluntary redundancy. The remaining workforce has agreed to the abolition of craft-grade skills and the introduction of multi-skilled, self-managed teams. Performance-based pay will be introduced. Mike Ebride, the union's district secretary, said the agreement created a "common manufacturing culture to achieve common aims" by sweeping away traditional demarcation and restrictive practices. "It shows what can be done through participation between management and unions," he said. Robert Taylor, London

TRADE UNIONS

Cuts aim at \$495,000 deficit

The Trades Union Congress is to merge its European unit and its international department in a series of cuts intended to end a £300,000 (\$495,000) deficit. The enlarged department will be headed by Tom Jenkins, currently chairing the EU's social and economic committee. The cuts reflect the increasing strain on resources facing trade unions, with an expected further net decline of 2 per cent in membership this year. The TUC believes a recession in manufacturing will hit the unions hard in an area in which they remain relatively strong. The package will involve the early retirement of David Lea, 61, assistant general secretary for the past 20 years, and the abolition of his job. He was important in ensuring the TUC developed a more positive attitude to the European Union after years of opposition. Robert Taylor, London

CAR SALES

Peugeot takes on extra workers

Peugeot has added two more shifts to the working week at its plant near Coventry, in the English Midlands, to meet greater than expected demand for the new 206 car. The arrangement will last until April, when 900 extra workers will start working one shift each on Friday, Saturday and Sunday, raising production from 2,500 to 3,500 cars a week. The company said it has had more than 10,000 applications for the 900 jobs.

The Rover offshoot of BMW is to close its smallest factory because the cars for which it makes parts have been dropped. The plant in Bargoed, south Wales, was opened by Sir Herbert Austin, head of the Austin car company, in 1949 to offer sheltered work to miners disabled by respiratory problems. Juliette Jowitz, Cardiff

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Bankruptcy expert says there are doves among the vultures

Jim Kelly meets David Mond, a licensed insolvency practitioner who says the emphasis is now on 'corporate rescue'

It is raining in Manchester's Chinatown and restaurant owners stand on doorsteps wondering if the recession has reached the northern England city. Across the street - behind a red, blue and gold pagoda - is a business that has no worries about boom and bust.

Hodgson's - licensed insolvency practitioners - occupies part of a fine Georgian block-built in the days of the once prosperous textile industry. David Mond, senior partner, is an "IP" - better known as a liquidator, receiver, administrator or

and resentment when businesses fail, much of it directed at IPs. Mr Mond has learned that. "When I turn up at a business I ask for the relevant director and say it's a personal matter. I don't park right outside the front doors as though I own the place," he explains. "The creditors see you as the directors' man - which is the opposite of the truth. The directors may turn against you if you find anything wrong; perhaps they've been paying their friends off before it was too late."

But do the good times roll for Hodgson's when the rest of the economy hits a recession? Mr Mond says most insolvency cases run for several years, so that work naturally spreads out and takes the peaks and troughs off the counter-economic cycle. "We take the opportunity to clear the desks," he adds.

Only licensed IPs are not the only people around when businesses fail. "There are plenty of ambulance chasers and carpet-baggers out there. Directors panic when businesses run into trouble - they sometimes turn to the wrong people," he says. Those who really make a fortune do a lot of damage - a constant cause of concern for government.

These vultures offer quick solutions - such as stepping in as shadow directors, for a price, while telling the real ones they can just walk away from the debts.

This recession - if it comes - could be different. Firms like Hodgson's are at the forefront of attempts to change the image of IPs. The emphasis is now on "corporate rescue" and "business turnaround" and using imaginative, informal procedures to help save businesses before they collapse.

Mr Mond is able to do pro bono work in the new "rescue culture" thanks to the sale of his 5 per cent share in Manchester United, the soccer club. He is in the process of taking on powerful vested interests - such as the banks and Big Five accountancy firms - to try to save more businesses and win a fairer division of the assets when they do fail.

He is working on a bakery in southern Scotland which ran into trouble after a failed merger. Mr Mond put together a CVA - company voluntary arrangement - but the Inland Revenue block the deal. He has badgered the tax authorities - and local MPs - to try to keep the business alive.

"We are talking about 50 people's jobs in an area of high unemployment. They just put too much emphasis on compliance."

Mr Mond's is not a lone voice. Until his untimely departure from the government, Peter Mandelson, the former chief trade minister, pushed for a brace of reforms designed to create a more entrepreneurial culture - including moves to curb failures prompted by the banks and tax authorities.

Richard Iley, economist at ABN Amro, said: "It is difficult to extrapolate a full-blown recession from this survey."

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Confidence increases slightly among manufacturers

Pressure on manufacturers may be easing after recent interest rate cuts and a fall in the value of sterling, Christopher Adams writes. The latest survey from the British Chambers of Commerce points to modest improvement in confidence

among manufacturers but slowing growth in the service sector. Ian Peters, BCC deputy director-general, said the economy was poised between recession and recovery. Manufacturers have struggled with contracting

demand, hurt by the pound's recent strength and Asian economic turmoil. But the survey showed the export market improved in the fourth quarter of last year. However, more manufacturing companies were shed than hiring staff for the

first time in five years. Domestic sales growth in the service sector contracted sharply, slowing to its lowest rate since the depths of the UK's last recession in the early 1990s. "The UK is still really very vulnerable to economic turmoil in over-

Advertisement for 'Fixed in Derby' featuring a large image of a bottle and text: 'Fixed in Derby', 'Attractive Packages', '24H MARGINEER ONLINE EXCHANGE', '24H +46-406900012', 'If you would like to advertise, or require any further information, please contact: Sherie Donovan Tel: 0171-873-4928 Fax: 0171-873-4296'

RECRUITMENT



RICHARD DONKIN

La dolce cooperativa

A study of two Italian towns suggests it is better to work in a co-operative

Do you ever wonder if you are working yourself into an early grave? If so, you might be interested in a study by David Erdal, chairman of Baxi Partnership, the employee-owned central heating boiler manufacturer in Bamber Bridge, Lancashire, UK.

His idea was to test, using various measures, whether the quality of life in an egalitarian community was better than that of a conventional town.

He chose to explore his theories among the small towns surrounding the northern Italian city of Bologna. As Mr Erdal notes, life is good in this part of Italy. He was attracted to the region because of the large number of co-operative ventures in the area, many of which are over 100 years old. The co-ops are particularly thickly spread around Imola, a town of 60,000 people.

Some 16 per cent of Imola's working population is employed in co-operatives. More than a third of its families have at least one member working in a co-op.

But in Sassuolo, a 40,000-strong community about 40 miles away, no one works in a co-op.

Imola has no great divide between rich and poor. But in Sassuolo the divide appears much greater.

Mr Erdal's theory is that co-operative ventures promote stronger, more peace-loving and healthier communities. His biggest problem has been persuading the good people of either town to return his questionnaires. A random sample of 1,500 names taken from the telephone directory has elicited just over 180 responses so far.

He has, however, collected other evidence, scouring newspapers for crime reports and checking death notifications. Early evidence points to greater voluntary work and more employee training in Imola.

But one clear difference has emerged between the communities. The citizens of Imola live longer than those in Sassuolo, with a 14 per cent lower mortality rate over the past six years. This may in part have something

to do with diet. Further research would be needed to examine the reasons. But Mr Erdal sees certain of one point: "Employee share ownership makes you live longer. That's the main thing I want to bring out."

The finding tends to support some long-running research on Whitehall hierarchies by Michael Marmot, director of the International Centre for Health and Society at University College London. This research has discovered that people lower down a hierarchy are more likely to suffer heart attacks than those in the upper echelons.

Mr Erdal's finding was well received by delegates at the annual International Employee Ownership Conference, held in Oxford earlier this month. The conference was seeking ideas to put to Gordon Brown, the UK chancellor, who in November announced a consultation exercise looking at ways to extend employee share ownership.

One of the conference recommendations is to extend tax benefits available for the owners of family business seeking to pass on

shares within the family to those who want to transfer shares to employees.

Mr Erdal sold his shareholding in the family paper milling business, Tullis Russell, to employees in a leveraged buy-out deal where profits are used to buy the shares on behalf of employees. The sale allows him to pursue other interests, including a doctorate based on his study of the Italian towns.

"The results at this stage are suggestive rather than final," says Mr Erdal who is continuing his research. "But the evidence so far is supporting the thesis that egalitarian communities are better than others in important ways. It should be said that Sassuolo is a very good place to live by international comparisons - but Imola is better."

Demand falls

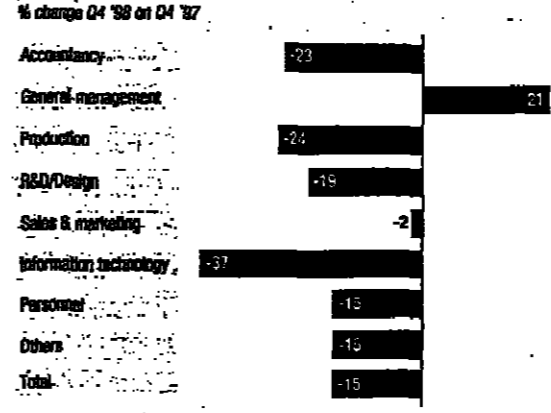
Advertised demand for senior executives during the fourth quarter of 1998 fell 15 per cent on the same period the previous year, according to statistics compiled for MSL Search and Selection, a recruitment company.

The drop in demand meant that advertised opportunities fell 4 per cent over the year. This first fall in demand since 1992 contrasts with a 27 per cent increase in 1997 and a 30 per cent increase in 1996.

The only job category where overall demand increased during 1998 was general management, which continued to buck the trend.

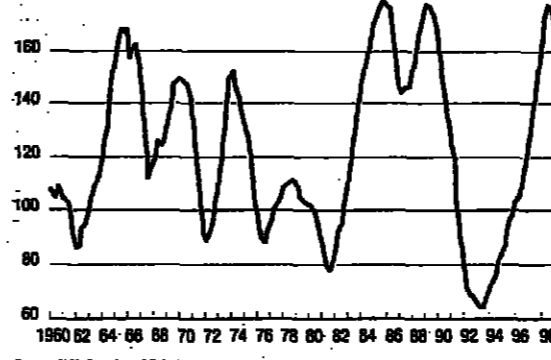
MSL recruitment index

By job category % change Q4 '98 on Q4 '97



MSL recruitment index (1999=100)

Moving annual total of quarterly advertised demand for executives



Source: MSL Search and Selection

General management jobs turned over more slowly than others - 11 per cent against nearly 17 per cent for all jobs, according to an Institute of Personnel and Development study of the UK employment sector in 1997.

The IPD found that professional staff were the most expensive to replace, costing employers an estimated £4,699 (£7,750) per person, compared with £773 for an unskilled worker. richard.donkin@ft.com

Lucrative times for headhunters

Net revenue (\$bn)

	1997	1998	% change
World	315	300	+11
Korn Ferry Int'l	269	224	+23
Heidrick & Struggles	219	240	+10
Spencer Stuart	182	218	+20
Russell Reynolds	184	196	+7
Europe	197	198	% change
Egon Zehnder	110	130	+18
Heidrick & Struggles	83	121	+46
Korn Ferry Int'l	82	100	+22
Spencer Stuart	65	80	+23
Ray & Berntson	63	75	+19

Source: Economist Intelligence Unit. Some figures have been updated since this report went to press. * As of January 19 1999.

Search revenues 'could top \$10bn by 2000'

Headhunting revenues worldwide could top \$10bn by 2000, according to the 1999 edition of Executive Search in Europe, a headhunting directory published by the Economist Intelligence Unit. It estimates that worldwide revenues today are running at between \$7bn and \$8bn a year.

Nancy Garrison Jenn, who wrote the report, says that the top 20 international headhunting firms had a combined net revenue of \$2.16bn in 1997, about 30 per cent of the total market and 18 per cent higher than their combined 1996 revenues. Europe accounted for 42 per cent of the top 20 1997 revenues.

Europe's top 10 search firms increased their revenues by 18 per cent on the previous year. Among the top five firms worldwide, Heidrick & Struggles continues to grow most strongly, edging ever closer to Korn Ferry International, the industry leader.

Ms Garrison Jenn reports a trend towards industry consolidation and a move towards public offerings among the larger companies. LAI Ward Howell became a public company in 1998 and both Heidrick & Struggles and KornFerry have been considering public offerings.

She adds that traditional firms are facing a turbulent time as new players, such as internet-based firms, enter the market. Greater competition, she says, will force firms to improve and quicken their services. The report costs \$240 +\$4 0171 830 1007

BANKING FINANCE & GENERAL APPOINTMENTS

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1+ year(s) experience in an administrative and/or research role. Strong organisational skills necessary, and exposure to equity markets and mergers and acquisitions a plus. Ref: AR010

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2+ years experience analysing and trading convertible bonds. Knowledge of European and other international markets a plus. Strong quantitative skills essential. Ref: CB011

For immediate, confidential consideration please forward a cover letter and CV to John Catnach, Dept: RPS/3/H224, McCann-Erickson Recruitment, Haddon House, 2-4 Fitzroy Street, London W1F 5AD. Please include the reference number for the position in which you are interested.

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1+ year(s) analytic experience in investment management, corporate finance, valuations and/or mergers and acquisitions. Knowledge of European and other international markets and proficiency in foreign languages a plus. Ref: EA012

EQUITY TRADING

1+ year(s) experience trading equity securities. Background working long/short orders and dynamically hedging positions essential. Ref: ET013

OFFICE ADMINISTRATION

3+ years office and facilities management experience. Knowledge of purchasing, inventory control, and service contract negotiation required. Ref: OA014

SECURITIES LENDING/ PORTFOLIO FINANCING

5+ years trading experience. Ability to manage relationships with international securities lenders, bankers, prime brokers and other creditors essential. Ref: SL015

STOCK LOAN OPERATIONS

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3+ years UNIX, NT and networking experience in a technology driven environment. Hardware and software knowledge required. End user support background necessary. Ref: SA017

All responses will be forwarded directly to our client. Include in your letter any organizations to which you do not want your CV forwarded.

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- Marketing of in-house research competences to third party institutional clients.

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The Qualifications

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- Strong financial and analytical skills, and extensive knowledge of a particular industry (e.g. pharmaceuticals, food & beverage).
- Motivated team player, with excellent communication skills.

Dr. Peter Koefel
Human Resources
Allianz Asset Management
Nymphenburger StraÙe 112-116
D - 80636 Munich
Tel.: 0049/89/1220-7944
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The successful candidate will have:

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- Graduate calibre with excellent communication, interpersonal and numerical skills.
- A thorough understanding of financial and credit risks.

For immediate consideration please send your CV to: The EBRD, 11 Rue de la Woluwe, 1200 Brussels, Belgium. Tel: +32 (0) 2734 1000. Fax: +32 (0) 2734 1001. Email: ebrd@brussels.be

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The successful candidate will manage the existing portfolio of projects and be responsible for the identification, appraisal and financing of new investment opportunities in the transition economies.

The successful candidate will have:

- Graduate with a degree in finance or business administration.
- Fluency in English, and possibly a working knowledge of German and a further European language.
- Strong financial and analytical skills, and extensive knowledge of a particular industry (e.g. pharmaceuticals, food & beverage).
- Motivated team player, with excellent communication skills.

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THE POSITIONS

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- Graduate calibre with at least 5 years' relevant experience within the wholesale financial markets. Compliance, regulation or legal background an advantage.
- Familiar with wholesale markets, domestic or overseas exchanges and clearing houses, or alternative trading systems and platforms. Excels at policy creation. Strong project and relationship manager.
- Able to grasp quickly relevant issues and conceptualise strategic solutions. Hands-on, inspirational manager. Effective communicator with presence. Ref: 990105

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THE POSITIONS

- Key members of highly rated teams. Participate in application of leading-edge policy and contribute to its development.
- Provide analytical and creative input to business-critical policy initiatives. Devise solutions to diverse legal and policy issues.
- Initiate and develop strong relationships at senior level across industry. Potential for long-term career development.

QUALIFICATIONS

- Bright, incisive professional with c. 3 years' financial services experience which may include exposure to settlements, clearing and wholesale markets issues.
- Demonstrable interest in policy creation and its practical application. Imaginative approach to problem-solving. Lateral thinker. Excellent analytical ability.
- Accomplished written and oral communicator. Credible interacting at senior levels. Self-motivated, enthusiastic and ambitious. Ref: 990106

Please send a full cv and current salary details, quoting relevant ref, to: Anna White, SHP Associates, Aldersley House, 10-15 Queen Street, London EC4N 1TJ. Tel: 0171 815 8888. Fax: 0171 815 8800. E-mail: shp@sdp.co.uk Internet: http://www.shp.co.uk



Innovative Executive Recruitment

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Selection Criteria

We are seeking an individual with:

- sound knowledge of internal controls and performance-based reporting, with a combination of financial/accounting training and relevant work experience (CPA or equivalent qualification highly desirable);

- demonstrated management experience and skills, with the proven ability to lead multi-functional groups and to work productively in a team-based environment, both as a team member and a team leader;
- strong interpersonal and people management skills, and a demonstrated track record of effectiveness in a culturally diverse environment;
- a strong service orientation, geared towards both internal and external clients; and
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The World Bank

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SG Hambros



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- Proactive portfolio and credit risk management;
- Contributing to the strategic development and direction of the business;
- The introduction and implementation of new products and services;
- Direction, motivation and development of an established team.

The successful candidate should have:

- A minimum of 5 years' corporate banking experience at a senior level;
- Experience of working within an international environment and be familiar with capital markets debt instruments and structures;
- Strong credit skills with a thorough knowledge of banking instruments, and of the regulatory, tax and legal environment;
- Third level qualification preferably with an MBA;
- Ability to actively participate at senior management and credit committee level and be at ease in managing a team of professionals.

Interested candidates should send a detailed curriculum vitae including latest salary details (quoting Reference: PG/143) in strict confidence to: Philip Galvin, Ernest & Young, Management Consultants, Harcourt Centre, Dublin 2. Tel: +353 1 475 0555. Fax: +353 1 475 0593. E-mail: philip.galvin@e.yi.com

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London January 1999

Interested candidates are requested to forward a comprehensive cv to: Tony Hodgins, Wheels Thomas Hodgins plc, Executive Resourcing, 13 Berkeley Square, Clifton, Bristol BS8 1HG, UK.

Deutsche Bank



السيد محمد الجليل

السؤال الثاني

**HIGH NET WORTH PRIVATE INVESTOR
ASSISTANT
PORTFOLIO MANAGER**

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The Requirements

- Graduate calibre, with back office, and preferably front office, experience.
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Responsibilities include identifying investment opportunities and management of an enhanced index portfolio. Experience as a manager of enhanced index portfolios is a must.

■ **Global Sector Analyst - Telecommunications**
The successful candidate will be responsible for the fundamental research coverage of the global telecommunication industry and will participate in equity investment strategy and stock selection. He or she will have sector portfolio management responsibilities, and will be expected to contribute immediately. The candidate will currently be an analyst or industry professional.

■ **Global Sector Analyst - Financials**
The successful candidate will be responsible for the fundamental research coverage of the global financial industry and will participate in equity investment strategy and stock selection. He or she will have sector portfolio management responsibilities, and be expected to contribute immediately.

■ **Global Sector Analyst - Consumer Products**
The successful candidate will be responsible for the fundamental research coverage of the global consumer products industry and will participate in equity investment strategy and stock selection. He or she will have sector portfolio management responsibilities, and be expected to contribute immediately.

■ **Further Information**
The first two positions are located in Oslo. For the sector analyst positions, location at the Norges Bank New York Representative Office is open to discussion.

Norges Bank is building an investment management community of top international standard. The positions will offer unusual opportunities for both professional and personal achievement, with substantial responsibility designated.

Please send resumes to Norges Bank Investment Management, P.O. Box 1179 Sentrum, 0107 Oslo, Norway, no later than 5 February 1999. Faxes are also accepted at 47 22 31 66 61 as well as e-mails at yngve.slyngstad@moa.norges-bank.no. Questions can be addressed to Yngve Slyngstad (47 22 31 61 94) or Steve Hirsch (47 22 31 61 03) or Lise Taylor (47 22 31 62 71).

NORGES BANK

Associate Director

Scotia Capital Markets

An opportunity has arisen within Scotiamocatta London (the metals division of the Bank of Nova Scotia) to join its marketing team.

This position involves the marketing of specialised bullion products in continental Europe. The challenge this opportunity offers will appeal to an individual seeking a dynamic international environment offering career prospects and a reward fully in line with his/her ability.

The successful candidate will be a self-motivated graduate (or equivalent), fluent in Italian and preferably another European language. Candidates will have a sound commercial banking background, good marketing skills, knowledge of documentation and be PC literate.

An attractive compensation package commensurate with experience will be offered to the successful candidate.

In the first instance, please send full personal and career details to Philip Macer - Manager Human Resources, The Bank of Nova Scotia, 33 Finsbury Square, London EC2A 1BB

Scotiabank

ODDO & CIE

Investment Services Firm

ODDO & Cie is one of the leading investment services companies in France, with over €75m in consolidated shareholders' equity, €4bn in assets under management and around 300 employees. In the context of our expanding business, we are looking for a

**Derivatives Arbitrage Trader
European Markets**

As a member of the equity derivatives team (based in Paris), your role will be to conduct and expand our arbitrage activities in areas such as convertible bonds, warrants, risk arbitrage and basket trading, into new markets, including Germany, Netherland, Belgium and Switzerland.

The successful candidate will have a high-calibre graduate education, together with at least three years' experience in arbitrage trading. (S/he will speak English fluently. A basic knowledge of French is necessary. Another European language, such as German, would be an asset.

Please send a letter and your CV (reference LSH/FT) to: Henri ALLIEZ - ODDO & Cie 12, boulevard de la Madeleine - 75009 Paris - France.

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**Regional Manager
Germany (Düsseldorf)**
Attractive Package

CDR International is a leading international supplier of specialist consultancy services in the area of business intelligence, intellectual property protection, corporate rescue, fraud prevention and risk analysis.

The company is a wholly-owned subsidiary of Armor Holdings Inc, and has developed a strong reputation for its ability to deliver solutions. We are regularly retained internationally by both the public and private sectors to advise on all aspects of risk assessment and management, audit procedures and enforcement.

In order to support our continuing expansion we are seeking to appoint a manager for our German office based in Düsseldorf.

The successful candidate will ideally have several years' experience in business intelligence, or the investigation and analysis of fraud gained in a financial, commercial or legal environment. Fluent/Mother Tongue German is a prerequisite and knowledge of other languages an advantage. Ideal candidates should also possess excellent interpersonal and presentation skills and show commitment to expansion, resourcefulness, drive and enthusiasm.

This is an opportunity to join an inspiring and challenging environment, involving work which is genuinely stimulating and which offers excellent career prospects.

Interested individuals should send their CV's to: Mike Stannard, Director of Operations at CDR International, 8th Floor Equities House, 25-28 Buckingham Gate, London SW1E 6LD.

UBS Brinson
STRATEGIST (EUROPEAN EQUITIES) - INDUSTRY ANALYST (UTILITIES)
GLOBAL ASSET MANAGEMENT

LONDON BASED - COMPETITIVE PACKAGES

Our client is a leading global investment management organisation with funds under management in excess of US\$ 350 billion, employing over 1500 people in 15 financial centres worldwide. UBS Brinson, a division of UBS A.G., is seeking to strengthen its European Equity Research Group in London by employing a Strategist and an Industry Analyst.

EUROPEAN EQUITY STRATEGIST

THE ROLE

- To contribute to the European and global equity market allocation process and assist in the construction of model portfolios for various European countries.

THE REQUIREMENTS

- 3-5 years experience as a European Equity Analyst/Strategist.
- Ability to respond flexibly to varied challenges.
- Experience manipulating databases and strong skills in mathematics/computing.

The successful candidates for both positions will be educated to degree level (2:1 or better) and possess strong analytical, verbal and written communication skills. Both candidates will have a thorough understanding of economics and financial theory.

Both of these positions represent excellent opportunities for ambitious and self-motivated individuals. An attractive compensation package will be offered commensurate with experience.

UBS Brinson Limited is regulated by IMRO.

In the first instance, please send, fax or e-mail your curriculum vitae to Harry Chetwood at Richmond Selection, 15 St Helen's Place, Bishopsgate, London EC3A 6DE. Fax: 0171 628 5551 Tel: 0171 628 5550 E-mail: HC@richmond-co.demon.co.uk

**RICHMOND
selection**

INDUSTRY ANALYST - EUROPEAN UTILITIES

THE ROLE

- To produce European equity research on the utilities sector.

THE REQUIREMENTS

- 3-5 years experience, ideally in a utilities company and/or its affiliated regulatory agency.
- Ability to judge the critical variables affecting the industry. Accurately model at the company level.
- Work in a team environment.

**ASSET MANAGEMENT, subsidiary of
an international bank seeks a**

**EUROPEAN SMALL CAP/GROWTH
EQUITY FUND MANAGER**

(Paris based) (M/F)

Within the Asset Management team, you will be in charge of the European small cap and growth stocks management, be an active member of the investment committee, participate in the overall investment process and specialize on a few specific European sectors.

Minimum of 4 years of experience in equity management with an emphasis on European small cap or growth investment concepts; ability to integrate within an evolutive environment; strong analytical skills; computer literate.

You will have a strong academic background completed by a financial analysis degree and be fluent in English and any other European language.

Please send letter + CV and photo under reference FT202201 to Flamingo, 22, rue de Chazelles, 75017 Paris France who will transmit.

Managing Director - Pharm-Olam International

(U.K.), Inc. has a unique opportunity for an individual to join a dynamic, fast-growing Contract Research Organization headquartered in Ascot, England. This ambitious individual will be responsible for the direction of the financial, business development and operations of the company. Strong leadership and interpersonal skills are required. Please fax resume to 001-713-932-6080 (U.S.A.).

ACCOUNTANCY APPOINTMENTS

**NORTEL DASA
PROJECT FINANCE MANAGER**

FRANKFURT AM MAIN

Nortel Dasa is a joint venture established in April 1995 to consolidate the telecommunication activities of Nortel (Northern Telecom) and DaimlerChrysler Aerospace (Dasa) for the purpose of focussing on the German and East European Markets. They offer a comprehensive range of products and services for the development, creation and integration of digital networks.

Due to recent expansion and growth they now require an international individual to assist them in the initial set-up of a financial business unit for Eastern Europe. Reporting to the CFO you will be the financial focus for projects in these developing countries.

Your main responsibilities will include:

- preparation of commercial tenders including financing
- preparation of commercial calculations on projects, small P&L

(KAUFMÄNNISCHER LEITER)

- to lead negotiations on financing proposals
- setting up budgets, variance analysis and follow up
- cost calculation
- cash management
- to provide sound financial control on business activities to minimum group guidelines
- build a team of finance professionals
- financial and management reporting to both parent companies

As a university graduate you will have a degree in Business Economics with at least five years experience, preferably gained working in a finance role for a project oriented international company and/or with 'The Big Five'. Strong presentation, analytical and communication skills are essential, combined with the ability to be very critical and

demonstrate leadership and entrepreneurial qualities for this high profile role. The business languages are English and German, but the successful applicant will ideally be fluent in one or more Eastern European languages. Candidates must be prepared to embark on extensive travel (up to 50%).

If you are interested in this opportunity, please contact Mrs. Ludo G.J.M.M. Houben on +49 69 7076 7076, or alternatively send your Curriculum Vitae to the following address: Robert Walters Associates, Hamburger Allee 2-10, 60486 Frankfurt am Main, Germany. Fax: +49 69 7076 7075. E-mail: ludo.houben@robertwalters.com

Web: <http://www.robertwalters.com>
You may also apply via http://usps.com/Robert_Walters quoting reference RW270. All applications will be handled in the strictest of confidence.

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The British Red Cross cares for people at home and abroad, meeting the needs of vulnerable people in times of emergency. On 1 January 1998, The British Red Cross Society's 90 branches united into a single registered charity organised into eight regions with National Headquarters in Central London. Following this major restructuring and the implementation of PeopleSoft Financials, we are now looking for three highly motivated finance professionals to join the team at National Headquarters to help develop and consolidate the benefits of unification. Each role will report directly to the Finance Director and will require credibility, enthusiasm and business acumen.



Financial Controller London c £40,000

Responsible for a team of 12, you will assume control of technical support for the Society. You will have high level exposure to essential financial information to ensure continual development.

- Production of periodic management reports, including analysis, commentary and recommendations.
- Financial and statutory accounts.
- Maintaining the integrity of financial information, identifying areas for improvement.
- Technical accounting support to the PeopleSoft system.
- Treasury management, cash flow projections and risk management.
- Proactive approach to influencing policy and developing the role.

Ref MPF3HAPO

Senior Business Analyst London c £35,000

In the newly implemented structure, the eight regions will have a number of designated Business Analysts providing financial information to ensure that operational managers can make well informed business decisions. We need a credible, proactive analyst to lead the team and develop a network across finance and non-finance managers.

- Preparation of the annual budget (over £100 million) setting a framework to meet operational objectives and targets.
- Lead and motivate a team of Business Analysts located throughout operational divisions.
- Act as business partner to operational staff, educating and empowering colleagues.
- Establish, monitor and review key performance indicators.
- Ad-hoc projects, reporting to the Finance Director, Finance Committee and the Board of Trustees.
- Support Business Managers in contract bidding, negotiations and reporting.

Ref ONLJMT0

Head of CPU London c £30,000

The Central Processing Unit is the engine room of the new finance system. The team of 20 staff will be responsible for centralising and consolidating regional information and transactions.

- Member of the strategic Finance Management Team.
- Management and control of financial processing (including ledgers, credit control and payroll).
- Managing the PeopleSoft helpdesk and systems development.
- Maximising the range and impact of the CPU on operational areas in the Society.
- Identifying new initiatives and implementing change.
- Ongoing involvement in process change and supporting CPU staff.

Ref MTIHW

Candidates will be able to demonstrate a full accountancy qualification, tenacity, initiative, substantial achievements to date in either the profession, in business or in the voluntary sector, systems skills and effective communication skills. Interested candidates should contact David Morgan at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LN. Fax 0171 831 6293. e-mail: davidmorgan@michaelpage.com The British Red Cross Society and Michael Page Finance are committed to equal opportunities.

Michael Page

FINANCE

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Senior Financial Accountant

High profile role at the heart of a global banking business
London £ Excellent Package

Our client is a leading European Investment Bank with substantial capital markets, corporate banking, corporate finance, asset management and treasury operations in more than 60 countries worldwide.

Due to an internal business transfer, they now need to recruit an experienced accountant to manage the team responsible for the production of all financial and regulatory returns to Head Office, including profit and loss, on and off balance sheet reporting, inter-company, sovereign risks and tax analysis across the corporate banking, equities, fixed income, securities services and treasury businesses.

What makes the role unusual is the breadth of business it covers. This also makes it demanding: candidates must have strong technical skills and be able to liaise across all levels and locations, in particular London, New York, Tokyo, Paris and

Frankfurt. In addition, they must be able to resolve problems and advise on technical issues, often against tight deadlines.

The profile of the role will be high: personal credibility will be key to ultimate success in this role and future career development within the organisation.

Candidates will have a minimum of three years reporting experience in a financial institution with a strong, confident personality and a desire to manage a small team in a changing environment. Excel and Access skills are important and experience of working with other locations would be an advantage.

Interested candidates should send their CV to Sarah Hunt quoting reference 481744 at Michael Page City, 50 Cannon Street, London EC4N 6JJ. Telephone 0171 269 1846 or fax 0171 329 3426. e-mail: sarahhunt@michaelpage.com

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CITY

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Financial Controller

Lane Clark & Peacock

Lane Clark & Peacock is a leading firm of independent actuarial consultants established nearly 40 years ago. The partnership has grown to 200 partners and staff with offices in London, Winchester and Manchester and a client list ranging from major multinationals to medium sized private clients.

London, WI to £50,000 + benefits

As a result of this ongoing expansion, a Financial Controller is required to assist in driving forward current work and restructuring the finance department to achieve greater added value.

Reporting to the Director of Finance and Administration, key duties will include:

- Preparation of budgets, profit forecasts and cash flow forecasts.
- Co-ordination and management of the accounting operation, with responsibility for ensuring the smooth day-to-day running of the accounting and financial reporting for the partnership and related companies.
- Actively reviewing and overseeing the development of recently introduced accounting systems and procedures.
- Challenging current methodologies and procedures with a view to implementing best working practice.

Leadership and motivation of a small management reporting team.

The successful applicant will be a qualified accountant with experience gained in a similar capacity within a professional services environment.

Of paramount importance will be a questioning approach and a genuine commitment to develop with the organisation. Strong PC skills (including Excel) are essential as is a mature attitude and the ability to both communicate and manage changes effectively at all levels.

Interested applicants should forward a full CV to Jazz Dhandia at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LN. Telephone 0171 269 2473 or fax 0171 242 1020, quoting ref 477495. e-mail: jazzdhandia@michaelpage.com

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FINANCE DIRECTOR



c.£100,000 package
Central London

This appointment follows the recent management buy-out of Mappin & Webb, the world-renowned jewellers and silversmiths and the acquisition of Watches of Switzerland, the specialist retailer of Swiss watches. The Finance Director will lead the finance function of the newly formed group, which has a turnover of around £80 million and a business plan incorporating a possible flotation within a 3-5 year timeframe.

The Role

- Full responsibility for financial management and control, business planning and IT.
- Development of corporate function to centralise finance, budgetary control, treasury and risk management to support the newly merged businesses.
- Delivery of improved commercial, financial and forecasting disciplines and achievement of substantial efficiencies for the organisation.

The Candidate

- Graduate, qualified accountant with genuine record of achievement as a Finance Director.
- Experience within retail or multi-site service business coupled with a highly commercial yet detail-oriented approach to problem-solving.
- Personal qualities will include first class communication and presentation skills, energy, innovation and commitment. A 'hands on' approach is a pre-requisite.

Please write in confidence with full career and current salary details quoting reference 1904 to John Archer, Archer Mathieson, Royal Albert House, Sheet Street, Windsor, Berks SL4 1BE. Telephone: 01753 705025 Fax: 01753 705023 Email: hq.windsor@hqb.net.uk

ARCHER MATHIESON
SEARCH • SELECTION • INTERVIEW MANAGEMENT

WINDSOR & LONDON

Financial Controller

World-class manufacturing and sales

West of London c£45,000 + car + attractive benefits

Our client, the UK major subsidiary of a world-leading American manufacturer of specialist capital equipment, is committed to profitable growth based on product quality, innovation and service. Crucial to commercial success is sound financial control and quality management information.

Reporting to the finance director, this role will provide financial management and reporting services, as well as maintaining close relations with the American parent and European sister companies. Areas of particular importance include cash control and participation in the company's mission

to maximise customer and market orientation.

A qualified accountant, you must have experience in an environment where focus on retail sales is paramount and manufacturing is effected to world-class standards. With a hands-on style, you are an accomplished communicator and motivator, and others probably envy your 'can-do', flexible approach. Analytical and reasoning skills are important, as is your ability to share ideas and develop others. Systems experience, especially in ERP, would also be highly relevant.

With a high value placed on individual contribution, opportunities for career development are excellent. To apply, send a full CV, together with details of current salary, quoting reference 3180 to Peter Thomas at the address below. Tel 0121-200 2211; Fax 0121-695 5729 or e-mail Peter.A.Thomas@deloitte.co.uk

Deloitte & Touche

management solutions
Deloitte & Touche, Colmore Gate, 2 Colmore Row, Birmingham B3 2BN.

Financial Controller

London c £50,000 + Benefits

Our client is a US listed, global leader in the interactive communications and services medium. Having experienced extraordinary growth over the last decade, the company is now ideally placed to realise its objective of creating a global product, which will become an integral part of everyday life. Recent exciting developments combined with continuing expansion has created a requirement for an astute, commercially minded Financial Controller.

Reporting to the Head of Finance and Operations, principal responsibilities will include:

- Management and development of a young, vibrant, UK finance department. This will involve both national and international reporting requirements.
- Providing a senior interface between both internal and external customers.
- Development of budgeting, forecasting models and treasury operations.
- Project management of new accounting systems implementation.

- Analysing and reviewing costs across the business, recommending changes where necessary.
- Ad-hoc projects typical of a changing, developing business.

The successful candidate will be a graduate, qualified accountant with 2-5 years post qualification experience, gained either in commerce or the profession.

It is essential that you have previous management experience and the ability to motivate, train and develop staff where necessary. First class communication skills and a personality which is able to cope in a rapidly growing, fast paced environment will be vital to a role which offers outstanding opportunities.

Interested candidates should forward an up-to-date CV to Simon Bell at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LN, fax 0171 831 8746, telephone 0171 269 2448, quoting reference 478001. e-mail: simonbell@michaelpage.com

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Ben Bonney-James
on 0171 873 4015

FINANCIAL TIMES
No FT, no comment.

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مكتبة الامارات

ENERGI Manchester

To £75,000 package + excellent benefits

Financial Controller

Competition in the deregulated UK energy market is set to intensify. The electricity supply activity of ENERGI, a £1 billion business within the United Utilities Group, will remain a major participant by offering innovative packages of products and services to industrial, commercial and domestic customers. An exceptionally able individual is now sought to provide a complete finance and accounting service for this complex business. Excellent prospects for career progression.

THE ROLE

- Key member of the ENERGI Business Management Team providing detailed analysis of and input to all major strategic and operational issues. Continually improve systems and processes that contribute to business efficiency and competitiveness.
- Network effectively across all internal service providers and external clients, often working in flexible multidisciplinary teams that overlay traditional line reporting, to ensure maximum effectiveness of the business as a member of the United Utilities Group.
- Assess the financial implications of regulatory rulings and competitor activity. Develop and utilise costing techniques which assist in the identification of profitable new business opportunities.

THE QUALIFICATIONS

- Highly commercial graduate accountant, perhaps with an MBA, with strong planning, costing, modelling and business risk analysis skills gained in a large, multi-Divisional organisation.
- Analytical, forward looking and solutions orientated. Understanding of the impact of regulation and exposure to a competitive trading environment, ideally in another utility, a considerable advantage.
- Strong communication and interpersonal skills with the ability to influence across the organisation. Resilient and direct when required with the confidence to challenge existing thinking and explore new opportunities.

Tel: 0161 499 6700
Fax: 0161 499 6710
Email: cmas@spencerstuart.com

Selector Europe
Spencer Stuart

Please reply with full details to:
Selector Europe, Ref. FHW/22953-7/19,
Arlington Court, Gosworthy,
333 Seely Road, Manchester M20 2LG

£80,000 package inc. bonus & benefits **Complex Environmental Challenge** **Oxfordshire**

Head of Finance & Strategic Planning

An influential and broadly based executive position within a company owned and funded by a number of blue-chip organisations. Regarded as a leading authority in its field, the company is engaged in major long-term environmental research and in providing specialist advice and consultancy services.

THE ROLE

- Report to the Managing Director, responsible for financial management, information and control, and accountable for strategic planning and IT, supported by well-established teams.
- Oversee a transition of funding arrangements. Evaluate and develop the various broadly based IT systems used across the business.
- As a key member of the Executive, improve business analysis, lead the strategic scenario planning process and play a full part in the transition of the culture to meet future challenges.

THE QUALIFICATIONS

- Graduate accountant, ideally with a further business qualification and at least 15 years' management experience. Probably from an industrial or service business with a consumer facet.
- Proven business adviser and negotiator. Possibly from within a project-driven business, with sizeable, complex contractual arrangements. Demonstrable strategic planning expertise and a good appreciation of IT.
- A mature leader with excellent communication and influencing skills. Clear strategic and conceptual thinking ability.

Tel: 0113 230 7774
Fax: 0113 230 7775
Email: itown@spencerstuart.com

Selector Europe
Spencer Stuart

Please reply with full details to:
Selector Europe, Ref. FHW/24757-4/19,
Gledstone House, Redvers Close,
Laverwood Park, Leeds LS16 6QY

Financial Controller

High Growth Situation

c.DM150,000 **Frankfurt**

Rare opportunity for bilingual accounting professional to join multisite rental business at time of rapid expansion.

THE COMPANY

- German subsidiary of highly successful UK plc, expanding both at home and abroad.
- Seeking to double German outlets in 2 years against established nationwide presence.
- Reputation for quality of service, product and technical support and in the city for delivering outstanding growth.

THE POSITION

- Lead German accounting function, reporting to local MD and functionally to Group FD.
- Responsible for ensuring the production of timely, accurate management information. Work with local management to ensure information is used in the most effective manner for commercial decisions.

Please send full cv, stating salary, ref B1201042FT, to NBS, Berwick House, 35 Livery Street, Birmingham B3 2PB
Fax 0121 233 4332 Email marionc@nbs-selection.co.uk Tel 0121 233 4656

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easyJet

To £40,000 + Bonus **London Luton Airport**

Now three years old, easyJet continues to dramatically revolutionise air travel throughout Europe through the concept of low cost, ticketless travel. Currently operating 15 routes and 12 aircraft, the airline will have a fleet of 20 aeroplanes by late 1999 and will have doubled in size. In addition possible floatation is planned for late 1999. Its entrepreneurial culture combines an uncompromisingly professional approach with informal style.

These key positions have been created to strengthen the Finance function to drive and support the significant growth of business. There is a clear expectation on Finance to add significant commercial value to the airline.

Assistant Financial Controller **REF LG201145**

THE POSITION

- Full responsibility for day to day running of Finance Department. Oversee financial processing and accounting operations.
- Improve quality and efficiency of accounting processes and transaction management. Assist in systems development.
- Report to Financial Controller. Ensure accounting infrastructure is in place to accommodate rapid growth.

QUALIFICATIONS

- Graduate, qualified accountant with upwards of a year's post qualification experience gained in industry or the profession.
- Demonstrated experience of driving improvement in financial accounting and transaction processing.
- Technically excellent with demonstrated ability to identify and exploit commercial opportunities. Strong interpersonal skills. Excellent computer skills.

Please send full cv, stating salary, quoting relevant reference, to NBS, 54 Jermyn Street, London SW1Y 6LX
Fax 0171 491 8447 Email jonathanh@nbs-selection.co.uk Tel 0171 493 6392

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NBS Financial Management
A BNB Resources plc company ISO 9002 Registered

UK Manufacturing Accountant

Based in The Netherlands
Excellent Package
+ Relocation Assistance

EASTMAN

Eastman Chemical Company is an American, dynamic, firmly established and leading international supplier of chemicals, fibres and plastics, with about 17,000 employees spread over several locations. At one of these locations, namely Eastman Chemical B.V.'s Financial Service Centre (FSC) based in Rotterdam in The Netherlands, a vacancy exists for a Manufacturing Accountant to be responsible for a UK company with operations on 2 sites. The FSC has a professional staff of c.25 employees, responsible for the financial administration of all of Eastman's establishments in the region Europe, Middle East & Africa.

Profile of the suitable candidate:

- Manufacturing experience, preferably within a multinational company and ideally a US organisation
- Excellent computer skills (SAP a strong preference)
- Proven supervisory skills
- Strategic thinker with a hands on mentality
- Awareness of US and UK GAAP / Accounting Standards

The business and working language is English and Eastman operates in an international, informal and professional environment.

To apply for this opportunity, please e-mail your CV directly to sue.livingstone@roberthalf.nl or fax it to +31 (0) 20- 470 9008 by Monday 8th February 1999.

First round interviews are planned to be in the UK on 11th and 12th February. Queries should be directed to Robert Half Nederland, Valeriusplein 30, 1075 BJ Amsterdam, Telephone: +31 (0) 20-470 9011

ROBERT HALF
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PLC FINANCE DIRECTOR

RECENTLY FLOATED DYNAMIC PLC IN RETAIL SECTOR

SOUTH LONDON **c.£80-100,000 + BONUS + BENEFITS**

Whittard of Chelsea is a rapidly growing international retail business specialising in the sale of tea, coffee, ceramics and related products, generating c.£30m sales. Highly profitable, operating c.120 outlets achieved through organic growth and innovative product and service diversification. Objective is to build a substantial group within 3 years.

The Finance Director will work closely with the Chief Executive as a key interface with the City and an active member of the Plc Board. He/she will develop and enhance strong financial controls and planning and analysis disciplines while continuing to enhance the management team's distinctive entrepreneurial and commercial flair.

The role will include full treasury management and will have a strong IT focus in improving and maintaining financial systems and introducing a clear systems driven approach to management information ensuring that speed, accuracy and delivery of response is paramount.

Commercially orientated qualified accountant, with 5 to 10 years' commercial experience in a multi-site service or retail organisation. Proven skills in providing strong financial leadership in a business operating sophisticated and tightly managed financial controls, procedures and disciplines.

A tenacious and adaptable individual with first rate communication and persuasive skills. Capable of making a strategic contribution and thriving in an informal, non-hierarchical and operationally focused business environment.

This is an opportunity to play a key role in a small but rapidly growing quoted group with potential for further career progression, possibly into general management.

Please apply in writing quoting reference B040 with full career and salary details to:
Katie Orr, Whitehead Selection
11 Hill Street, London W1X 8BB
Tel: 0171 290 2000, Fax: 0171 290 3950
Email: k.orr@wscorp.com
www.whiteheadselection.co.uk

Whitehead SELECTION
A Division of Whitehead News Ltd,
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Chief Financial Officer

West Africa Based Telecommunications **Excellent Expatriate Salary and Benefits**

GS Telecom is a fast growing company with operations in Ivory Coast, Ghana, Nigeria, Gabon and Tanzania with support from Guernsey and Canada. GS Telecom specialises in satellite networks and wireless communication and operates in markets which are rapidly deregulating to serve major multinational corporations. The Company has grown from a start-up in 1993 to having over 80 employees working in 6 countries.

Reporting to the Managing Director, you will be responsible for the accounting, control and treasury functions of the operating and holding companies. You will drive the implementation of a new financial reporting system, manage key investor and banking relationships, help to develop project management systems to provide financial control of operations to management.

An energetic and dedicated manager with about 10 years experience, you will be a Professional Accountant with at least 2 years as the Controller of a medium or large company, preferably in the engineering services, IT or telecoms sector.

Please send a full CV to the Managing Director by email to jobs@gstelecom.com or fax Canada +1-250-472-0209

Business Planning Analyst

West London

£40-45k + Bonus + Benefits

Our client is a prominent global telecommunications group with a diversified product base. The Mobile Communications Division has been set up to act as a change agent for the Group, targeted with significantly increasing the value of its Global mobile properties. This is being achieved by a combination of acquisition and the development of existing businesses.

The role reports directly to the Business Planning Manager and is primarily responsible for monitoring and helping to develop the existing global mobile businesses. You will be required to:

- Undertake quarterly performance reviews for each venture
- Work closely with other parts of the business and the ventures themselves on how performance can be improved
- Assist in the setting of business plan targets for the ventures as and when required
- Provide commercial assistance to the ventures as and when required
- Support the business case development for new business opportunities

The successful candidate must be commercially orientated with strong investment appraisal and financial modelling skills. Previous mobile telecommunications experience is essential and the candidate will probably be a qualified accountant with between three to four years' post qualification experience. The position will involve a high level of exposure to senior management throughout the Group and therefore strong communication and interpersonal skills are needed.

If you believe you have the skill set, drive, initiative and maturity to rise to the challenge of this position, please call Katharine Cuss or Noel Marshall on 0171 845 4200 (weekdays), or 0181 892 6517 (weekend/evenings). Alternatively send your CV and salary details in confidence to:

Finance Professionals, 26-28 Bedford Row, London WC1R 4HE.
Fax: 0171 845 4249. Email: katherinacuss@financeprofessionals.com

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DIRECTOR FINANCIERO

Madrid, España



Hertz Corporation, líder mundial en la industria de servicios de transporte, desea contratar un Director Financiero de gran calibre para su filial española de rápido crecimiento. Dependiendo directamente del Director General en España, sus responsabilidades serán las siguientes:

- gestión de las funciones financieras y contables de la unidad de negocio en conformidad con US GAAP estándares y requisitos regulatorios locales;
- preparar, analizar e interpretar aspectos financieros para uso de la dirección en el proceso de toma de decisiones y evaluar resultados comparativamente con los objetivos de la compañía y de la filial en España. Analizar y conducir un exhaustivo control de costes;
- establecer y mantener un plan financiero integrado consistente con los objetivos y metas de la compañía, tanto a corto como a largo plazo, analizando y revisándolo cuando sea requerido e informando a todos los niveles de dirección;
- desarrollar y revisar controles internos que sirvan como guía y soporte a otros miembros de la dirección asegurando así el cumplimiento de la política de la compañía;
- supervisar las funciones de impuestos, tesorería, compras e informática, mantener buenas relaciones con auditores internos y externos, y desarrollar sistemas y procedimientos en conformidad con la política de la compañía.

una multinacional americana y habría desempeñado las funciones de "Controller" o de Director Financiero. Debido a que el puesto es de un gran perfil comercial, el candidato demostrará un alto grado de conocimiento técnico y especial habilidad en los negocios así como buen conocimiento de la función informática. En conexión con el gran reto que supone una posición tan ambiciosa, el individuo deberá ser emprendedor con una alta capacidad de comunicación, excelente gestión del día a día, así como la habilidad de contribuir significativamente a nivel estratégico en el desarrollo y rentabilidad de la compañía. El candidato elegido tendrá que demostrar la capacidad de trabajar y contribuir positivamente al equipo local, así como desarrollar una buena relación con la oficina central europea. Fluidez en inglés y español es esencial. En primera instancia, por favor contactar, en total confianza, con Renato Raho o Mark Rowley en el +44 171 628 1223, señalando la referencia HAR0241. Alternativamente, por favor enviar curriculum en inglés, incluyendo actual remuneración a HW International, 30 St. George Street, London W1R 9FA, UK. Fax: +44 171 409 7872. E-mail: renato@herst.co.uk www.herst.co.uk



El candidato ideal poseerá el título de "Qualified Accountant" valorándose también un MBA en Finanzas. Idealmente el candidato habría adquirido experiencia en

MARKS & SPENCER FINANCIAL SERVICES

Two key senior finance roles

CHESTER EXCEEDING £50,000 PLUS EXCELLENT BENEFITS PACKAGE

Marks and Spencer Financial Services is a dynamic financial services provider offering customers a wide range of credit life, pensions, savings and investment products. The company was established in 1985 as an autonomous business within Marks and Spencer plc and is now an authorised bank with market capitalisation in excess of £1 billion and over 1,400 staff at purpose built headquarters in Chester. A compound growth rate in profits exceeding 25% over the last five years has positioned the company as a significant player in the financial services sector.

The company has recently agreed an exciting business expansion and profit growth strategy. It recognises the vital role that finance can play in future success and is looking to expand the senior finance team.

Financial Controller

- Role**
- Manage and further develop a financial reporting service which provides a wide range of business critical information
 - Maintain and develop financial controls that meet the needs of the business and satisfy all regulatory and legal requirements
 - Reporting to the Head of Finance, identify and implement improvements to the effectiveness and efficiency of the financial control service
 - Manage a strong team of support staff, including qualified accountants, on a track of continual improvement and individual advancement

- Candidate**
- Professionally qualified accountant with at least 5 years PQE
 - Experienced in managing and developing finance staff at all levels
 - Strong technical skills including year end reporting for larger companies within a financial services environment
 - May currently be working at manager level in the profession with clients in financial services

Both these positions offer exceptional career development opportunities and are rewarded with a comprehensive range of benefits, including full relocation package and company car.

Financial Planning & Analysis Manager

- Role**
- Provide proactive financial evaluation input into the commercial analysis of all major business decisions within the company
 - Reporting to the Head of Finance, manage a team of people, including qualified staff, to support tactical and strategic planning in management teams across the company
 - Supply a range of appropriate financial information to inform and assist forecasting and business planning
 - Champion business process improvement initiatives across the company and use analytical and modelling techniques to challenge practices and processes

- Candidate**
- Strong financial management background, preferably a qualified accountant but possibly an actuary or relevant MBA graduate
 - At least 5 years PQE with recent experience in the financial services sector
 - Hands on experience in the evaluation of commercial decisions and able to present written and verbal arguments at all levels
 - Able to support and manage staff and provide clear leadership

Please write in confidence, with full career and salary details, quoting the appropriate references to Rod Shaw or Mark Glaze, MSL Search and Selection, Clinton House, Clinton Terrace, Deane Road, Nottingham, NG7 1LJ. Tel: 0115 9699284. Fax: 0115 911700 or apply on line via The Monster Board www.monster.co.uk



SEARCH AND SELECTION

AUDIT & CONSULTING SERVICES PROFESSIONAL Geneva

The EFG Bank European Financial Group is a Swiss based International Financial Group. The Banks, which comprise the EFG Bank Group focus mainly on Private Banking and Asset Management, and in Greece on Retail and Corporate Banking and related financial services. The Group has grown recently through the acquisition and investment in banking institutions.

EFG Audit & Consulting Services SA (ACS) is the Group Internal Audit function headquartered in Geneva, Switzerland.

Using a modern methodology and approach to review the Group's activities, we are building an international team of professionals. With the necessary attitude, creativity and drive, they will make a positive and constructive contribution to the evolution of the business and in particular to the control environment within management and business processes.

We are currently looking for professionals to strengthen our international team in Geneva.

Candidates will either be a qualified accountant or banking or financial services industry specialist with management, consulting or audit experience.

Candidates will have the maturity and self-confidence to maintain a constructive and sensitive dialogue with members of Senior Management, and possess the necessary drive towards the identification and selling of solutions.

To maintain an integrated and global view of business, international assignments and engagement in interdisciplinary teams are encouraged. Multicultural skills and a multidimensional experience will characterise valuable team members of the international ACS organisation.

In return for your commitment, we will offer you a competitive remuneration, plus an ideal environment for personal development.

To apply, please forward a covering letter and CV to:

Peter F. Kaelin, Managing Director, EFG Audit & Consulting Services SA, 94, Rue du Rhône, 1211 Geneva 3, Switzerland

EFG Audit & Consulting Services

THE COMPANY: World leader in connectivity software, with a strong growth strategy in Europe. We are looking:

European Finance Manager

350 KFF +

THE POSITION: Based at the European Headquarters in Paris, your role is to provide financial support to corporate management. Responsible for revenue reporting for Europe, Middle East and Africa, you will also lead the coordination of the budget process. You will manage the reporting IT system and contribute significantly to the implementation of a new IT data and reporting base. You will supervise the reporting of the headcount and the implementation of the annual commission plans. A financial analyst will assist you in the achievement of these objectives.

THE CANDIDATE: Should possess a business degree, completed by an accounting qualification (ACA, ACCA, CIMA, CPA) and at least 3 years experience gained within a similar position in industry or as an auditor within an international firm. You will have developed strong management accounting and reporting skills and an excellent understanding of international accounting methods (including US GAAP). Your first language is ideally English, and you are also fluent in second European language.

Please reply to Matthew BEAUFORT, quoting reference FT/1148, at ROBERT HALF FRANCE, FINANCE, 15, rue Marabout 75002 Paris or by fax at 00 33 1 55 04 18 19 or by e-mail "robert@half.fr". Please consult our internet service http://www.roberthalf.com



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IT Appointments in the FT.

Includes Developers, Business Analysts and Project Managers.

For more information on advertising opportunities please call: Tel: +44 171 673 3351 Fax: +44 171 673 4331

OUR client is an exciting and successful £30m turnover company operating public houses and regional distribution depots to the licensed trade.

The Management Team, who own the equity, started the business in 1979 and are committed to increasing growth and profitability of the company. The team seek a like minded commercially orientated hands on financial professional to drive forward finance, administration and I.T. within the organisation.

If challenge and opportunity appeal to you and you can make a difference please send your CV with current salary details to:

Martin Hanratty
Executive Division
Michael Page Finance
Clarendon House, 81 Mosley St., Manchester M2 3LQ.
Fax: 0161 236 8059
e-mail: martinhanratty@michaelpage.com

Finance & Planning Managers

Zurich Financial Services is one of the global leaders in the financial services industry, reaching over 30 million customers and employing more than 68,000 people worldwide. The UK/SA Region of Zurich Financial Services comprises the Group's operations in the UK, Ireland and South Africa, encompassing some of the UK's leading financial services brands including Allied Dunbar, Eagle Star, Threadneedle and Zurich.

London

Within the Region's central finance team, two new Manager positions have been created in planning and business development. The roles are central to future strategic growth and successful candidates will require drive and initiative, together with an ability to apply financial and planning skills in a dynamic and commercial environment. Working as part of a core team, the roles will be wide and varied spanning most of the areas of responsibility of the regional team. In particular, the key elements will be as follows:

- Setting financial objectives and principles for the Region.
- Co-ordination and consolidation of quarterly financial forecasts and the annual financial business plan.
- Reviewing and reporting on the performance against the business plan.
- Developing investor relations information and liaising with Rating Agencies.

to £65,000 cash package + Benefits

- Assessing potential acquisitions and joint ventures.
- Assisting with the development of the Region's strategic plan.
- Liaison with the regional businesses' finance teams, and the worldwide headquarters in Zurich.

Candidates will be highly motivated with strong technical, communication and presentation skills and with experience of working in a team oriented environment. They are likely to be accountants or actuaries. They will be problem seeking and solving and able to deliver under pressure. Whilst not essential, experience of financial services (in particular general or life insurance) will be an advantage.

Interested candidates should write to Sarah Hunt, quoting reference 4831738, Michael Page City, 50 Cannon Street, London EC4N 6JJ. Telephone 0171 269 1848, fax 0171 329 3426, e-mail: sarahhunt@michaelpage.com

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صكنا من الامم



مكتبة الأمل

PRODUCT CONTROLLERS London/Tokyo

Barclay Capital is the Investment Banking division of Barclays PLC, one of the largest multinational financial services groups in the world. Barclay Capital is a major international investment bank with distribution capability and representation in all major financial markets, delivered through regional headquarters in London, Tokyo, New York and Hong Kong.

The firm's activities are focused on two principal asset classes, credit and debt. Credit embraces the origination, structuring, sales, trading and research of loans, securitized assets, bonds and related derivatives. Debt includes sales, trading and research in respect of government bonds, money markets, foreign exchange, commodities and related derivatives instruments.

As a result of ongoing expansion the firm wishes to appoint a number of high calibre experienced product controllers to augment established control functions in London and Tokyo.

Barclay Capital is committed to recruiting candidates of the highest calibre and in return offers a challenging career structure, ongoing technical training and competitive remuneration packages.

Interested applicants are invited to contact our retained advisors, Jonathan Astbury or Beverley Barnes, telephone +44 (0) 171 930 1222, facsimile +44 (0) 171 930 1444, or email jonastbury@barclaymerrill.com. Alternatively write with or current salary details to: Astbury Martin Search & Selection, 40 Strand, London WC2N 5JZ, England. All enquiries will be treated in confidence. Closing date for applications is Wednesday 3rd February 1999.

Product Controllers - London

Opportunities exist at various levels within teams supporting the Asset Swaps, Interest Rate Swaps & Options, Credit Trading, Foreign Exchange, Equity Derivatives and Currency Options businesses. Principally these roles encompass the following tasks:

- Price testing
- Production of daily P&L and analyses for traders including commentary on movements
- Assisting trading desk in resolution of control issues.
- Reconciliation of balance sheet integrity
- Management of P&L and market related issues
- Ad hoc projects as required

Suitable candidates will ideally be qualified accountants possessing two to five years related product experience and will be educated to degree level. Additionally candidates must demonstrate the ability to work effectively in a sophisticated control and systematic environment.

Product controllers at Barclays are encouraged to take a proactive role in the management of trading and sales activity and therefore these roles will appeal to credible and proactive accountants who aim to integrate with, and add value to, the front office functions which they support.

Head of Product Control - Tokyo

This is a highly visible and diverse role that will suit a proactive and independent individual who can demonstrate an in-depth knowledge of derivatives as well as a knowledge of a comprehensive range of products including Foreign Exchange, Fixed Income, Equities and Securities.

Relevant applicants are likely to be qualified accountants (CPA, ACA, ACCA) with a minimum of five years experience gained within a product control environment, coupled with knowledge of regulatory and balance sheet management issues. Reporting to the Global Head of Product Control (London based) and the regional Chief Operating Officer (Hong Kong based) the incumbent will inherit an established controllers function. Proven staff management and senior level liaison abilities are essential.

Although advantageous, previous work experience in Tokyo is not essential.

**BARCLAYS
CAPITAL**

FINANCE DIRECTOR

Our client is a multi-product supplier to the Automotive industry, part of a German group with ultimate ownership by a quoted US conglomerate. Turnover circa £20m.

The Position

Reporting to the UK Managing Director and the German Group Finance Director, a candidate is sought to take control of an existing and accurate accounts department and will be capable of managing night reporting deadlines.

The responsibilities cover the normal accounting functions including forecasting and relationship building with suppliers and clients.

The Candidate

A qualified Accountant from a manufacturing background with at least 5 years reporting and 2 years Board experience.

A German speaker, having had exposure to overseas controls, knowledge of SAP and a proven track record in Change Management will be at a positive advantage.

This is a position for an individual with high level interpersonal and communication skills-driven by success.

This is an excellent career opportunity for the successful candidate to progress within the business.

Please send full CV, current remuneration level and daytime telephone number, in confidence to: Mr. Howard Smith, quoting ref. FT211

Finetec Associates Ltd.
100 Marylebone Road, London, NW1 5PA



SOCIÉTÉ EUROPÉENNE DES SATELLITES

Being one of the largest and most dynamic satellite operators in the world Société Européenne des Satellites (SES) owns and operates the ASTRA Satellite System, which broadcasts television and radio channels throughout Europe. Today, eight satellites are in orbit.

In the framework of its geographic and product expansion, SES has an immediate opening for a motivated:

FINANCIAL ANALYST (m/f)

Reporting to the Company's Controller the main responsibility of the Financial Analyst will be to provide financial analysis input to critical company projects, to support the controlling function by expanding the compliance review role and to contribute to the Company's budgeting, financial planning and reporting processes.

To meet the requirements of the position, candidates should meet the following criteria:

- be a qualified Chartered (ACA) or Management Accountant (ACMA) or equivalent;
- have experience in an audit role supplemented by finance operational skills gained preferably within a multinational group;
- be fluent in English; German and/or French language skills being of additional advantage;
- demonstrate initiative and good business acumen;
- possess strong communication and analytical skills along with the ability to integrate into an international team environment.

If you are interested, please send your handwritten application and your CV typed in English together with a photograph before 15 February 1999 to:

Société Européenne des Satellites
Human Resources Office
(Ref. FT/FinAna/01/99)
L-6815 Château de Betzdorf
Grand-Duchy of Luxembourg
<http://www.astra.lu>



SOCIÉTÉ EUROPÉENNE DES SATELLITES

Being one of the largest and most dynamic satellite operators in the world Société Européenne des Satellites (SES) owns and operates the ASTRA Satellite System, which broadcasts television and radio channels throughout Europe. Today, eight satellites are in orbit.

In the framework of its expansion, SES has an immediate opening for a motivated:

TREASURY ANALYST (m/f)

Providing support to the Treasurer the main tasks of the Treasury Analyst will be to administer the sales contract billing system, to assist in cash planning, FX and debt management, to perform Treasury analyses and to provide monthly management reporting.

To meet the requirements of the position, candidates should meet the following criteria:

- have a university degree in applied economics/finance;
- have at least 3 years working experience in a financial, banking or accounting environment;
- be fluent in English; German and/or French language skills being of additional advantage;
- be computer literate and possess skills in Word, Excel/Lotus123;
- demonstrate strong communication skills along with the ability and willingness to integrate into an international team environment.

If you are interested, please send your handwritten application and your CV typed in English together with a photograph before 15 February 1999 to:

Société Européenne des Satellites
Human Resources Office
(Ref. FT/TreAna/01/99)
L-6815 Château de Betzdorf
Grand-Duchy of Luxembourg
<http://www.astra.lu>



SITA

INTERNATIONAL TAX MANAGER

GENEVA BASE

SF ATTRACTIVE

SITA operates the world's largest communications network to over 225 countries and territories, serving 900+ locations. With over 70,000 customer connections, 5,000 staff worldwide and \$1bn in revenues, SITA provides a one stop shop for all mission-critical business to business communications and information needs.

The Geneva based tax team is seeking to recruit a further qualified (c. 5 years) tax specialist who has a strong track record in practice and/or commerce/industry.

The role is 100% international consultancy and will involve some world travel. This is a position for someone intelligent and creative who seeks a deal of practical autonomy in initiating and running projects across direct and indirect taxes. Computer literacy and a second language in addition to English is an advantage.

Be at the leading edge in one of Europe's most attractive locations.

Please send a full CV for the attention of Mike Beament, Sheila Mandal or Matt Anderson at BLT or you may fax it to +44 (0) 171-405-3310 or e-mail it to team@blt.co.uk. Any direct applications will be forwarded to BLT.

Further information about SITA is available on the internet - <http://www.sita.int>

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Quality House

1/9 Quality Court

Chancery Lane

London WC2A 1HP

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E: team@blt.co.uk

W: <http://www.blt.co.uk>

+44 (0) 171 405 3404

Business planning manager

Sophia-Antipol
350 000 French Franks

Allergan Inc.

is a technology-driven, global pharmaceutical company

specialising in the development and manufacture of pharmaceuticals

for the treatment of various conditions

including cancer, HIV/AIDS, and various other chronic diseases

and is currently seeking a Business Planning Manager

to join its European Division

in Sophia-Antipol, France

The successful candidate will be responsible for

developing and implementing the business plan for the European Division

and will report to the European Division Director

The successful candidate will have a minimum of 5 years experience in a business planning role

and will have a strong understanding of pharmaceutical business operations

and a strong understanding of the pharmaceutical market in Europe

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ALLERGAN FRANCE

Style Challenge

Our client is a niche fashion designer, importer and retailer. They are embarking upon a fresh period of expansion of their £40m plus turnover business. As part of their plans, they now seek two key professionals to play major roles within the Group's London office.

Financial & Commercial Director

£650k + car + bonus + benefits

The design and import company is a successful business with a client list that includes many of the UK's most prominent retailers. With ambitious expansion plans, it needs a highly commercial individual to help lead the business through a new phase of growth.

You will be focused on improving customer service levels, contributing to strategic planning and actively participating in the commercial decision making and management of the business. You will also supervise the financial and operational functions of the company.

We seek an experienced individual with drive, ambition and proven management skills. Equally essential will be proof of your contribution to the commercial success of a business. In return, we offer unlimited opportunities.

In the first instance, please forward your CV with covering letter to Richard Williams at Robert Half International, Walter House, 418 The Strand, London WC2R 0PT. Tel: 0171 385 9600. Fax: 0171 836 4942. E-mail: westend@roberthalf.co.uk

ROBERT HALF
A Division of Robert Half International

Financial Controller

To £45K + car + bonus + benefits

The retail arm of the Group has undergone 18 months of dynamic growth. To sustain this and support future expansion it demands its own Financial Controller.

Reporting to the MD, you will fully exploit the management and financial reporting capabilities of the newly installed Sun Accounts and EPOS systems. Providing commercially focused analysis of business performance at board level, you will play a key part in realising the growth plans of this exciting brand.

You will be a qualified accountant with a minimum of 2 years' retail experience. Your enthusiasm and desire to contribute to the building of the brand will be as important as your reporting and analytical skills.

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New York and over 200 offices worldwide

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Accountancy Appointments
For more information please call:
Tel: +44 (0) 171 572 2351
Fax: +44 (0) 171 572 2351

Divisional Finance Director

Distribution Sector

N. Home Counties

c.£60,000 + Substantial Bonus

Part of a young, fast growing plc, this new £30 million turnover division is focused on an ambitious expansion strategy that will double revenue within three years.

The business is headed up by a high profile Chief Executive who has a proven track record within the sector. He requires an ambitious, commercially oriented Finance Director to oversee operating company performance.

Key tasks will include:

- establishing a disciplined reporting and control environment through a systems implementation programme which complies with group reporting requirements;
- applying strong commercial acumen to effectively manage and develop a rapidly growing business;

ensuring that decision support systems enable controlled and profitable expansion.

Candidates will already have a senior management track record within a multi-site service business and preferably experience of managing high growth situations. This demanding role requires a hands-on, task oriented style and an individual with the self-confidence and communication skills to effectively challenge at a senior level. Career prospects within this successful and fast expanding group are outstanding.

Please send a full CV in confidence to GKR at the address below, quoting reference number 9901 on both letter and envelope, and including details of current remuneration.

GKR

Queensberry House, 3 Old Burlington Street,
London W1X 1LA.
Tel: 0171 534 0092. Fax: 0171 534 0001.
E-mail: jocconley@gkrgroup.com

Net.Works

The FT IT Recruitment section is also available all week on www.FT.com

IT Appointments

EXCELLENT CAREER OPPORTUNITIES SAP - MANUGISTICS

COMPETITIVE PACKAGES BASED: THE NETHERLANDS, FRANCE, BELGIUM, GERMANY

THE COMPANY: Our client is one of the few truly international world-leading cosmetics and fragrance companies. Its success is built on its philosophy to empower individual and team, on flexible thinking and behaviour, on the highest levels of innovation, on commitment to the team and the company, on high energy levels and on the process of constant learning. They are undertaking the implementation of a Business Process Re-engineering (BPR) moving in a horizontal process-oriented structure. To support the Re-engineering, SAP has been selected. A new complex to house a fully integrated European Shared Service Centre and Central Distribution will redesign the future of this Company. You will enjoy the diversity of different nationalities who actively encourage cross-cultural thinking. The working language is English, in addition any and all European languages are welcomed. To respond to rapid growth and projected expansion in building an IT group, they are seeking dynamic individuals with team spirit and strong communications skills to work in this exciting environment.

APPLICATIONS SUPPORT DIRECTOR (Ref: FT 3280)

THE ROLE: Reporting to the Vice President, ERP Operations, you will:

- be of vital importance upon the start-up of the new ERP system, provide general application management support once implemented and coordinate development and integration of key bolt-on technologies to the core system
- provide management guidance to junior members of the core configuration team and insure that business processes within a vertical function are configured and implemented
- plan programming efforts in conjunction with the Application Service Management team

THE PERSON: The ideal candidate should:

- have expertise in SAP, Manugistics or other bolt-on technologies
- have analytical skills and the ability to easily communicate in both business and technical terms
- have extensive experience implementing an ERP solution
- have business knowledge in a variety of industries (FMCG or Cosmetics would be a plus)

SUPPORT SERVICES DIRECTOR (Ref: FT 3281)

THE ROLE: Reporting to the Vice President, ERP Operations and leading the support organisation, you will:

- be primarily responsible for the technical assistance to the ERP application
- deliver through your internal organisation and third party vendors a full range of services including technical services, in-country support analysis, Help Desk, Training Services Tools, EDI, Intranet/Internet site services
- coordinate support activities with the roll-out of the ERP system across Europe
- ensure top quality service through ongoing measurements and productive improvement plans

THE PERSON: The ideal candidate should be experienced:

- in leading a team of technical support managers and outsourced services
- in managing EDI services and their integration with large scale ERP systems such as SAP and Manugistics
- with NOS, Desktop Operating Systems, Frame Relay communications, TCP/IP transport protocols, scriptwriting with UNIX
- in implementing Internet/Intranet technologies, establishing best practices in testing new software and managing security policies and procedures

QUALITY ASSURANCE DIRECTOR (Ref: FT 3282)

THE ROLE: Reporting to the Vice President, ERP Operations, your responsibilities include:

- management of QA Testing Services, Production Scheduling, Security and Profile Management and Production Transfers together with management of the ongoing quality testing software enhancements
- operation of a newly implemented ERP system that includes both Manugistics Demand and Supply Planning, Manugistics Transportation Management, SAP and a variety of bolt-on systems that include Warehouse Management and Sales Force Automation applications
- ensuring the quality of new functionality and software changes being brought into a production environment and that each component software module, including interfaces, is tested and transferred into a production operating environment
- developing security and profile management policies and executing those policies via an outsourcer
- ensuring that production schedules are developed and processed per user requirements

THE PERSON: An excellent communicator, well versed in the management of security policies and procedures, the ideal candidate should have:

- prior knowledge in the delivery of technical information systems within the UNIX and Windows NT operating systems as well as expertise in SAP and Manugistics
- extensive functional experience within ERP applications and its related technologies, with NOS such as UNIX and NT, Desktop Operating Systems such as Windows 95, 98 and NT as well as Frame Relay communications and TCP/IP transport protocols
- experience in implementing Internet/Intranet technologies, script capability with UNIX and Oracle, extensive knowledge in establishing best practice in testing new software
- experience in developing and controlling a production processing environment for a large company

DATA MODELLING DIRECTOR (Ref: FT 3283)

THE ROLE: Reporting to the Vice President, WW Architecture and supervising a team, you will:

- be responsible for Data Modelling worldwide by developing the information/data model that will be used as the template for the application and data designs of the future
- develop the key coding relationships of information, such as item codes, harmonizing these coding structures across the various legacy systems and defining the template for the ERP systems including Manugistics and other bolt-on technologies
- coordinate data integration of bolt-on technologies to the core ERP system

THE PERSON: The ideal candidate should:

- have a unique talent to develop business information templates
- have knowledge of the consumer products or related industry (FMCG or Cosmetics)
- be at ease with internal customers, software and hardware suppliers and keep people 'in the loop'
- have expertise in SAP, Manugistics or other related bolt-on technologies and systems

INFRASTRUCTURE DELIVERY & VENDOR RELATIONS MANAGER (Ref: FT 3284)

THE ROLE: Reporting to the Vice President, WW Architecture, your key activities include:

- development and implementation of the ERP system, specifically Manugistics Demand and Supply Planning, Transportation Management and SAP
- establishing relations with outsourcing companies to ensure complete understanding of service level agreements, contract compliance and service level delivery
- ensuring that NOS and Desktop Operating Systems are implemented according to standards as well as working with Country IT Directors in the implementation of a variety of technologies
- enforcing Year 2000 standards and ensuring compliance in internally developed software

THE PERSON: With prior management and programming/analysis experience, you should:

- have knowledge in the delivery of technical information such as the UNIX operating systems, NOS (Windows NT and Novell), Desktop Operating Systems (Windows 95, 98 and NT) and communication systems such as Frame Relay
- be experienced in implementing Internet/Intranet technologies and ERP systems
- have expertise in SAP, Manugistics or other related bolt-on technologies and systems
- have business knowledge in a variety of industries, ability to communicate both in business and technical terms
- have experience in managing a team of technical support analysts

DATABASE ADMINISTRATOR (Ref: FT 3285)

THE ROLE: Reporting to the Vice President, WW Architecture, you will:

- be primarily responsible for ongoing development and support of Oracle Relational Database Management System (RDBMS)
- provide general technical support in the implementation of the ERP system, ensuring database integrity, backup disaster recovery and database tuning
- apply OSS patches to the SAP systems, establishing profiles and security policies in conjunction with the VP, WW Architecture
- design and develop the Control and Transport System of SAP ensuring control of software objects with the Enterprise environment as well as system stability in relation to the database

THE PERSON: At ease with customers, suppliers and peers, the ideal candidate should have:

- a successful background in the development of large scale information warehouse technologies that utilise such tools as Oracle Sales Analyser (OSA), Oracle Financial Analyser (OFA) and other OLAP type technologies
- extensive UNIX experience and scriptwriting capability with UNIX and Oracle
- the ability to thrive on change and have knowledge of the consumer products or related industry
- extensive functional experience with an ERP solution and its related database management system
- in-depth knowledge of Oracle as well as other RDBMS such as DB/400, SQL Server

APPLICATION SERVICE MANAGEMENT DIRECTORS (11 positions)

THE ROLE: Reporting to the Vice-President, Process Improvement Management and leading a team of System Analysts, you will be:

- responsible to develop and configure specific modules of the ERP system within the Financial and Supply Chain areas
- acting as the centre of expertise, reconciling business requirements with system functionality
- planning and coordinating the development effort, assuring the integration of bolt-on systems in the core ERP
- implementing the new solution, leading the conversion activity with legacy teams and training key users

Considering the broad scope of the ERP system, several positions are proposed focussing on specific applications which may be combined considering your personal interest and experience:

Supply Chain Positions

DEMAND AND SUPPLY PLANNING (MANUGISTICS)

(Ref: FT 3286)

PURCHASING

(Ref: FT 3287)

TRANSPORTATION AND FREIGHT

(Ref: FT 3288)

WAREHOUSE MANAGEMENT

(Ref: FT 3289)

ORDER PROCESSING

(Ref: FT 3290)

SALES FORCE AUTOMATION

(Ref: FT 3291)

Financial Positions

REPORTING, SPL BUSINESS PERFORMANCE

(Ref: FT 3292)

PLANNING / COSTING

(Ref: FT 3293)

ACCOUNTS PAYABLE / ASSET MANAGEMENT

(Ref: FT 3294)

GENERAL LEDGER / CONTROLLING

(Ref: FT 3295)

EXTERNAL INTERFACING / HYPERION

(Ref: FT 3296)

THE PERSON: The ideal candidates will:

- possess excellent communication skills in business and technical terms and be at ease with internal customers
- have successfully participated in the configuration and implementation of such modules
- demonstrate extensive functional experience within a given application (SAP, Manugistics or other bolt-on methodologies such as ASAP)



Please forward your résumé with cover letter quoting the appropriate reference number on all correspondence. Applications will be treated in the strictest confidence.

Antal International, 2nd Floor, 90 Tottenham Court Road, W1P 0AN, England Tel: + 44 (0) 171 637 2001 Fax: + 44 (0) 171 637 0949
E-mail: cv@antal-int.com www.antal-int.com

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MAARS Software

International is an Indian Multinational Services Organisation setting up its European Operation based in UK in the Thames Valley Area. Maars Software international is a de-facto leader in SAP Implementation skills in India and currently employs more than 300 professionals around the world. MAARS also implements its own Integrated Manufacturing Package (MAARSMAN) for Small and Medium Enterprises around the world. Apart from ERP, MAARS has its own software development facility in India serving prestigious clients. MAARS is ISO:9001 certified for its entire software and services business processes. MAARS has existing subsidiaries in USA, Singapore, Australia and the Middle East. Subsidiary operations will be set up in other European countries in the next year. We require the following professionals for the startup organisation.

Business Managers, Thames Valley, Package c£40K + Uncapped Commission

You will be an important part of the success MAARS plans to achieve in this market. You should have a good degree, at least 6 years of sales / marketing experience in the IT industry, an aggressive appetite for business, thorough understanding of the UK and European ERP (particularly SAP and Oracle Financial) market including excellent relationship with the customers and large implementation service providers. A proven track record of success in the sales of ERP services is essential.

Open Systems Developers/UK, Package c£24-30K

You are an experienced developer on the open systems preferably with experience in Oracle, SQL Windows backend and Developer 2000, Visual Basic front ends, with at least one full project implementation experience in Europe. Various permanent and contract positions are available.

Please send in your complete CV along with a Daytime Contact Number, Nationality, Current Employment, Current and Expected Salary and References to Box A6280, Financial Times, One Southwark Bridge, London SE1 9HL

STRUCTURED FIXED INCOME FUND MANAGER

LEADING INVESTMENT MANAGEMENT COMPANY

TO £50,000 + BONUS + BENEFITS

Our client is one of Europe's premier investment management companies and part of one of the largest banking groups in the world. They are now seeking someone to manage 25 bond index portfolios totalling over £1.6 billion. You will need familiarity with Barra Cosmos systems used in the management of index portfolios and be able to build and rebalance existing index portfolios.

In addition to understanding the sources of risk in portfolio construction, you should demonstrate an ability to build and to stress test active (active active or active quantitative) portfolios. You should be able to demonstrate knowledge of the magnitude and risks associated with the various sources of alpha on both domestic and international bond portfolios (duration, asset allocation, currency, curve, credit, on the run/off the run).

You should also understand the constraints in using Barra and Wilshire systems to estimate risk and the strengths and weaknesses of VAR, bootstrapping, historic and implied volatility and correlation. An understanding of the concepts behind quantitative modelling techniques and bond forecasting models will be an advantage.


Remuneration packages are excellent and include a substantial bonus and banking benefits package.

In the strictest confidence, please send a full CV to Craig Miller at Millar Associates, 6 Sloane Street, Knightsbridge, London SW1X 9LE. Please quote reference no. FT20-01FM. Tel: 0171 823 2222. Fax: 0171 823 2208. Email: millarassociates@sw1.telme.com

Millar Associates
INTERNATIONAL SEARCH & SELECTION

صكنا من الاصل

IT Appointments



Business Analyst
Fund Performance Systems
+ Excellent Banking Benefits
City
McGregor ■ Boyall

Baring Asset Management is an autonomous business within the ING Group operating as a highly successful unit with over £25 billion assets under management and key investment offices in each major financial time-zone. The firm has an exceptional commitment to IT with a culture of open communication and targeted management that allows positive interaction between IT and business areas. They are currently recruiting an experienced Business Analyst with a track record in delivering Fund Management performance systems.

The role is to...

- provide business analysis for all performance calculation, analysis and reporting requirements;
- produce structured analysis to document use cases, data models, sequence diagrams and entity relationship diagrams as part of system development projects;
- work with the Head of Performance Business Unit, senior business users and systems development teams;
- identify and propose performance system development strategy and approach.

You will...

- have a minimum of two years' experience working with investment management performance systems and knowledge of WM and GABS;
- have a minimum of five years' structured business analysis experience in a development project team, ideally with both package and in-house development projects;
- have worked on at least two major projects with direct responsibility for defining requirements;
- be educated to degree level;
- be PC literate with MSOffice experience, say exposure to large client server based implementations with Select CASE Tool preferred.

For further information, please contact Karen Higgins or Fiona Wright on 0171 806 1420. Alternatively, please send your CV to McGregor Boyall Associates, quoting reference BMFT676, 114 Middlesex Street, London E1 7JH. Fax: 0171 247 7475. Email: cfi@mcgregor-boyall.com or visit our web-site at www.mcgregor-boyall.com

Bank for International Settlements

Monetary and Economic Department

The Bank for International Settlements is an international organisation that promotes central bank cooperation and provides additional facilities for international financial operations. Based in Basle, Switzerland, with a representative office for Asia and the Pacific in Hong Kong, the BIS has around 500 staff from some 30 countries. www.bis.org

System/Database Administrator

Ref 99474

In the team managing the time-series database platform in FAME and Sybase on UNIC, responsible for: application availability, data integrity and security; monitoring operational procedures; technical assistance to internal users and central bank clients; adding new databases/formats; coordinating technical change with users and IT support staff; maintaining technical and user documentation.

Requirements

- degree with emphasis on computer science and/or mathematics
- several years' administration of large time-series relational databases serving local and remote clients
- experience with production support and application/software testing
- good English drafting skills; good command of another main world language

The BIS offers attractive conditions of employment in an international environment together with excellent welfare benefits.

Please send applications, with references, to Human Resources, Bank for International Settlements, CH-4002 Basle, Switzerland, quoting the relevant reference.

Statistical Analyst

Ref 99517

In the team preparing and publishing international financial market statistics, responsible for: providing statistical assistance to economists and secretaries of central bank committees; maintaining and developing relational databases on the BIS international banking statistics; handling enquiries from the financial and academic communities.

Requirements

- degree with majors in economics, statistics and/or computer science
- excellent computer/programming skills
- knowledge of international financial market data and instruments and of statistical methods, gained through experience in commercial or central banking
- fluent spoken and written English; good command of another main world language

QUANTITATIVE ANALYSTS
QUANTITATIVE DEVELOPERS

GLOBAL INVESTMENT BANK
FIXED INCOME / I.R. AND EQUITY

RISK MANAGEMENT

Our client is one of the world's foremost global investment banks with a strong reputation for leadership in financial product development and technological innovation. They are now seeking to recruit a small number of highly talented quantitative analysts and quantitative developers to join this front office group. The group is a stimulating mix of quantitative analysts and quantitative developers sitting side by side in the trading and sales desks developing, enhancing and integrating trading and market risk models.

An excellent science/mathematics background is required and should include a 1st or 2.1 honours degree from a

LONDON, NEW YORK, TOKYO

top-tier university ideally with a high degree and preferably a minimum of six months financial experience. For both roles, hands-on computing experience is required including for example Java C, C++, VisualC++, Visual Basic, Excel etc. Enthusiasm will be a distinct advantage.

Remuneration packages are excellent and include a substantial bonus and benefits package.

In the strictest confidence, please send a full CV to Shelley Ashton at Millar Associates, 6 Sloane Street, Knightsbridge, London SW1X 9LE. Please quote reference no. FT20-01Q. Tel: 0171 823 2222. Fax: 0171 823 2208. Email: millarassociates@sw1.telme.com

Millar Associates
INTERNATIONAL SEARCH & SELECTION

IT BANKING PROFESSIONALS

PRINCIPAL CONSULTANTS
Delivering the best, to the best

S&H Consulting Limited

Our client is a blue chip international corporation with a well respected and growing consultancy practice. Its clients include major banking and financial institutions worldwide. It has successfully established itself as a major player, competing and winning business from the traditional consulting firms which has resulted in the need to identify Principal Consultants to build on this success.

Leading a team of consultants to develop and deliver new initiatives, you will have responsibility for a portfolio of clients with multiple assignments and projects.

This is a key high profile position. It demands skills in managing people, managing client relationships and managing the development of the business.

You will be with a major consultancy firm, software house or bank providing solutions for treasury, capital markets, derivatives, fixed income and equities with experience of delivering major projects or initiatives in one or more of the following areas:

- Front End Trading Systems
- Risk Management
- Asset Management
- Middle Office
- Back Office Settlements Systems
- Payments

Well respected within your current role, you will also be highly regarded by your peer groups both personally and professionally.

This is an opportunity to build a business based on successful foundations. Your success will be well rewarded and recognised. There will be no barriers to limit your career potential.

Please send your CV in confidence to: Alan Summers quoting reference FT0199C at S&H Consulting Limited, Lloyds Avenue House, 6 Lloyds Avenue, London EC3N 3AX. Tel: (0171) 461 1171. E-mail: alan@sandhconsulting.co.uk

Senior Principal Consultants
Providing tomorrow's solutions today

Risk Management Systems Consulting

Six Figure Package UK and European Locations

In this uncertain time of consolidation, merger, buyout and takeover, one thing is for certain, our client is poised to advance and develop further its enviable track record achieved in the face of fierce competition operating in the finance, securities and banking technology solutions sector.

Our client has become a leader in this field by applying intelligence, creative flair and real finishing capability. To embark on the next phase of growth, we require two key personnel. As a Senior Principal Consultant you will be responsible for managing live client delivery projects at the cutting edge of practical risk management and advanced securities processing consulting. You will require a proven track record, vision, an ability to liaise with the most senior level, whilst not forgetting that ultimately, delivery is the chief goal and the client is depending on you and your team. You should be capable of working in small teams or taking on larger project mandates and ideally you will have experience of building tactical and strategic deployment project teams in this or closely allied fields.

For a more in-depth discussion please call Peter Newton on 0171 236 4288 or e-mail your CV to peter.newton@parallel-inc.com quoting the reference: PAB/FT/267.

Parallel International Executive Resourcing, 1 Groveland Court, Bow Lane, London EC4M 9EH
Telephone: +44(0)171 236 4288 Fax: +44(0)171 236 4277
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parallel INTERNATIONAL

INVESTMENT BANKING

QUANTITATIVE DEVELOPER
\$40K - \$65K + BONUS
Premier Derivatives houses seek a Financial Engineer for their quantitative research team. The role includes the development of pricing models for structured equity and hybrid Derivatives. Additionally, you will implement pricing schemes for various exotic options, including convertible bonds. The successful candidate will be highly numerate, have a good understanding of pricing issues and have solid programming skills. This is a fantastic career move for an exceptionally high calibre candidate.

JUNIOR PRODUCT DEVELOPER - EXOTIC OPTIONS
VISUAL BASIC/C++/MATHS
\$30K-\$35K + BONUS
Recent graduate with up to two years relevant experience in either Investment Banking or Software Development is required by this leading Investment Bank to work in their Front Office with traders and structures. You will develop and implement mathematical models for exotic option products and assist in structuring and pricing one-off option deals. You need a first class degree in mathematics, physics or engineering plus the drive and determination to excel in this challenging role. This unique opportunity will provide the successful candidate with an accelerated career path.

RISK ANALYST/INTEREST RATE
\$40K - \$60K + BONUS
Leading quantitative research team of top Investment Bank requires a Front Office Risk Analyst. This 'hybrid' role will incorporate analysis of key market data to identify market behavior and risk parameters, development of risk reports and the development of Front Office pricing tools. The successful candidate will be a strong communicator, highly numerate (with a strong degree from a top university) and will have experience of Excel VBA. This is a highly rewarding role with a swift career path for the right candidate.

TRADING TOOLS DEVELOPER
EXCEL/VB/VBA/SQL/RISK MANAGEMENT
\$40K-\$65K + BONUS
Premier Investment Bank seeks a Developer to join their Global Convertibles Trading Group to provide short term tactical IT solutions. Based on the Trading Floor you will provide pricing and analytics tools for the Interest Rate Derivatives Desk. The successful candidate will have a strong academic background coupled with a sound understanding of Equity/Interest Rate Derivative Products and have at least 1 years experience working within a similar environment. This prestigious organisation guarantees rapid career progression for the right candidate.

C++/MATHS
\$50K - \$70K + SUBSTANTIAL BONUS
Top Wall Street market maker seeks a high calibre Financial Engineer for their elite modeling group. Based on the trading floor you will assist in the development of very advanced quantitative exotic options models using C++. Interacting both with quantitative research and the traders, you will build innovative pricing tools which requires a high level of numerical ability. Preference will be given to candidates with Fixed Income knowledge. Extremely bright candidates with effective communications skills need only apply.

SENIOR QUANTITATIVE DEVELOPER
OO TECHNOLOGY/EQUITY DERIVATIVES
\$30K - \$45K + BONUS
Unique Financial Software House seeks a Quantitative Developer to build pricing engines and analytics tools utilising relational and object based technology. You will build a number of leading edge tools and products for the world's financial markets. Excellent opportunities for rapid career growth, leading to project management. You need to have at least 2 years quantitative experience plus a relevant PhD.

The people the City turn to first.
Many of our clients also offer Contract opportunities requiring the above skills.
ARC are preferred suppliers to the top financial institutions. This is a selection of current opportunities in the City. We have many more. Our consultants have an in-depth understanding of this market and how it can work best for you, so please call Paul Windsor or Amanda Crossland on 0171 287 2525 to discuss your options. Alternatively please send, fax or e-mail your CV to us at: ARC Recruitment, 16-18 New Burlington St, London W1X 1FF. Fax: 0171 287 9688. E-mail: arc@nbt.co.uk

DECISION SUPPORT ANALYST

Geneva

Very competitive package

The company is the airlines' leading telecommunications and IS provider, with presence in over 230 countries. Based at the Geneva head office, the position will be responsible for the management of a new financial decision support system, involving the review and maintenance of operating assumptions and business rules, optimising the technology and processes, as well as further developing value-added dimensions and measures.

Candidates will be of graduate calibre, within the IT or business related fields, and have had 1 or 2 years relevant experience, demonstrating in-depth knowledge of relational databases and modern financial systems. Fully PC literate, with particular emphasis on Access and Windows 95/NT; the candidate is a team player, with good interpersonal skills, and sharp problem solving abilities.

Interested candidates should send their CV with exact details, including salary, as well as a detailed but concise description of their relevant experience in this field, to D. M. Tebaldi, Director of Financial Planning (GVA/AB) SITA, 26 chemin de Joinville, PO Box 31, Geneva, Switzerland. or e-mail to dtebaldi@sita.ch

3 UNIX ADMINISTRATORS

3 well presented, well spoken Unix Administrators are required for a dynamic role in this growing organisation.

Starting early March, April & May.

30K plus total care package including many unusual benefits.

Send detailed, up to date CV via E-mail to: Personnel@futurecorp.co.uk or Fax: +44 171 637 0467.

Future Works

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institute of financial services

Congratulations to the students who have successfully completed the following Institute of Financial Services qualifications in October 1998:

PRIZEWINNERS 1998

The prizes were awarded on the combined results of the Spring and Autumn examinations

ASSOCIATESHIP EXAMINATIONS

Beckett Memorial Prize
Highest aggregate in Associateship completed in six sittings within a period of three years
Georgina Alexia Spary ACIB
Midland Bank, London EC2

Alexander Melkile Prize
Highest aggregate in Associateship on completion by a candidate employed by a Building Society
Sally Anne Wrigglesworth ACIB
National Westminster Bank

Sir Enoch Hill Prize
Second highest aggregate in Associateship on completion
Nadeem Ahmed Abbasi ACIB
Private Address

Portman Prize
Second highest aggregate in Associateship on completion by a candidate employed by a Building Society
Michael John Bugler ACIB
National Westminster Bank

George Rae Prize
Highest aggregate in the core subjects by candidates passing the core subjects in the current year
Vanessa Lal Min Sui Lan
Private Address

John Caulcutt Prize
Highest aggregate in Investment, Taxation and Administration of Estates
Neil Bowden ACIB
Private Address

Whitehead Prize for Law and Practice
Neil Bowden ACIB
Private Address

Whitehead Prize for Financial Reporting, Analysis and Planning
Christine Jane Lynch
Midland Bank, London EC2

Gwyther Prize for The Monetary and Financial System
Christine Jane Lynch
Midland Bank, London EC2

FC Clegg Prize for Management and Organisation
John Nicholas Holmes
Barclays Bank, Chesham

WS Heatley Prize for Financial Operations
Koondan Khusal
Maharaja Housing Corporation, Mumbai

Sir Bernard White Memorial Prize for Law and Practice for Mortgage Lenders
Lee Rammer ACIB
Midland Bank, Leamington Spa

Mike Vale Prize for Administration of Trusts
Michael Beaver ACIB
Barclays Bank, Barnby

Graham Prize for Banking Operations - Regulation, Market Practice and Treasury Management
Peter Diamond ACIB
Royal Bank of Scotland, London EC1

Abbey National Prize for Financial Services
Wendy Mary Zammit
Central Bank of Malta, Malta

Woolwich Prize for Housing
Susan Ann Eldridge ACIB
Lloyds Bank, Southampton

Frank Steele Prize for Investment (Joint)
Adrian Gerald Peckham ACIB
City of London, London EC3

James Edward Kingston ACIB
National Westminster Bank, Reading

Nationwide Building Society Prize for Management of Information Technology
Charlotte Mary Isaac ACIB
City of London, London EC3

Edward Jones Prize for Marketing of Financial Services
Laura Jane Scotland ACIB
Lloyds Bank, St Albans

James E Hadfield Prize for Residential Lending and Property Law
David Robert Owen
City of London, London EC3

Charles Reeve Prize for Taxation
Geoffrey Richard Wakeman ACIB
City of London, London EC3

COUNCIL PRIZES
Administration of Estates
Anthony James Willmott ACIB
National Westminster Bank, Reading

Branch Banking - Law & Practice
Rita Spitari
Bank of Valletta, Malta

Corporate Banking - Practice and Law
Susan Frost ACIB
AB Group, Edinburgh

Insurance
Julie Sammut
Bank of Valletta, Malta

International Trade Finance (Joint)
Leslee Jayne Hatton
Midland Bank, London EC2

Maeve Marks Turkington ACIB
Private Address

Lending
Nicola Jennifer Thomas ACIB
Private Address

Multinational Corporate Finance
Simon Cawdery
Barclays Bank, London EC3

Offshore Practice and Administration
Paul Martin Sinal Cert.CIB
Deloitte & Touche, St Helier

Strategic Marketing Management
Stephen Mark North
Midland Bank, Coalville

BANKING CERTIFICATE

Council Prize
Highest aggregate in Preliminary Section of the Banking Certificate completed in two sittings
Not Awarded

Council Prize
Highest aggregate in Final Section of the Banking Certificate completed in four sittings within two years
Andrew Charles Sivell
Loughborough Building Society, Loughborough

COUNCIL PRIZES

Economics and the Bank's Role in the Economy
Graeme Scott Whyllie
Federal Bank of the Middle East, Cyprus

Introduction to Accounting
Patricia Anne Cleaver
Primarily Building Society, Cardiff

Banking: The Legal Environment
Sharon Robillard
Midland Bank, St Peter Port

Supervisory Skills (Joint)
Jo-Ann Helen Nicholson Cert.CIB
Halifax Financial Services, Leeds

Anna Lucy Barber
National Westminster Bank, Ramborough

Banking Operations - UK Lending and International Business
Irene Savva Androu
Universal Savings Bank, Cyprus

Customer Services - Marketing and the Competitive Environment
Nichola Jane Murray
Halifax, Wakefield

CERTIFICATE IN FINANCIAL SERVICES PRACTICE

Northern Rock Prize
Highest aggregate in OSP completed in no more than four consecutive sittings
Susan Jane Heron
Furness Building Society, Lancaster

Lloyds Bank
Anderson, Elizabeth Ann, ACIB
Clark, Rosemary, ACIB
Davies, Jean Melita, ACIB
Davies, Maryn Gareth, ACIB
Gilbert, Susan Margaret, ACIB
Gore, Guy Stanton, ACIB
Parry, Steven Frank, ACIB
Patterson, William Nicholas James, ACIB
Whorley, Kevin Jon, ACIB

Mercury Asset Management
Game, Steven, ACIB

Midland Bank
Burbage, Emma Lisa, ACIB
Collis, Clive, ACIB
Crisp, Christina Teresa, ACIB
Evans, Paul Jonathan, ACIB
Mitchell, Claire Teresa, ACIB
Raffo, Anita Maria, ACIB
Remmer, Lee, ACIB
Rumsby, Sarah Jane, ACIB
Scotford, Laura Jane, ACIB
Woodward, Eva, ACIB

PASS LIST OCTOBER 1998

FINANCIAL SERVICES DIPLOMA

5 candidates who completed via the Lombard Scheme up to and including January 1999

Chubb Insurance Company of Europe
Hobson, Lerey, ACIB

Golden Castle Finance Corporation
Sun Feng Kwong, ACIB

HSBC Investment Bank
Daniels, Daniel John, ACIB

Yorkshire Bank
Letherland, Christopher Guy, ACIB

Others
Wong Yew Khuan, ACIB

ASSOCIATESHIP / BSc FINANCIAL SERVICES

One of the most highly respected qualifications in the financial services sector world-wide, aimed at those in, or aspiring to, middle and senior management positions. The programme is relevant and practical, and allows candidates to follow specialist or more general routes depending on their individual interests and needs. Following the CIB's partnership with the University of Manchester Institute of Science and Technology (UMIST), the award of the ACIB has been linked to the simultaneous award of a BSc (Hons) degree in Financial Services.

EXISTING ASSOCIATES - BSc FINANCIAL SERVICES (completers)

88 candidates who completed in October 1998

Distinction in

a = Law and Practice
b = The Monetary & Financial System
c = Financial Reporting, Analysis and Planning
d = Management and Organisation
e = Investment
f = Branch Banking - Law & Practice
g = Corporate Banking - Practice & Law
h = Taxation
i = Financial Services
j = Insurance
k = Law & Practice for Mortgage Lenders

Allied Irish Bank (GIB)
Frost, Susan, ACIB

Banco di Sicilia
Smith, Gareth John, ACIB

Bank of Punjab
Bishesh, Rajana, ACIB

Barclays Bank
Bacon, Richard John, ACIB
Barker, Kevin John Keith, ACIB
Barton, Russell Scott, ACIB
Davies, Brian Peter, ACIB
Dawson, Nicola Jane, ACIB
Halper, Judith Cheryl, ACIB
Harris, Sarah, ACIB
Kadohwa, Mark Fall, ACIB
Kadohwa, Suzanne Margaret, ACIB
Kilghey, Lynn, ACIB
Ledwith, Kevin, ACIB
Lawson, Julia Tracy, ACIB
Mitcheson, Karen Margaret, ACIB
Roche, Achille, ACIB
Tate, Robert David, ACIB
Wray, Simon Peter, ACIB

Barclays Mercantile Business Finance
Fowkes, Paul Antony, ACIB

Birmingham Midshires Building Society
Gripston Paul Kevin, ACIB

Bradford & Bingley Building Society
Gormak, John, ACIB

Caixa Nacional de Credit Agricole
Cheng Wai Man, ACIB

Claymore School
Evans, Andrew Richard, ACIB

Commerzbank
Sheard, Daniel, ACIB

Courts & Co
Sweetapple, Geraldine Mary, ACIB

Courts (Guernsey)
Green, David Mills, ACIB

Dah Sing Bank
Yip Chi Ming, Ringo, ACIB

HSBC Midland
Jenkin, Helen Elizabeth, ACIB

Halifax
Evans, Jacqueline Mary, ACIB
Jeremy, Nigel Keith, ACIB
Burnes, Sandra-Jane, ACIB
Wainwright, Martin Keith, ACIB
Wright, Lorna, ACIB

Hellenic Bank
Athanasopoulos Vasilios, Eva, ACIB

Hongkong & Shanghai Banking Corporation
Chow Bun, Anastasia, ACIB

Lloyds Bank
Anderson, Elizabeth Ann, ACIB
Clark, Rosemary, ACIB
Davies, Jean Melita, ACIB
Davies, Maryn Gareth, ACIB
Gilbert, Susan Margaret, ACIB
Gore, Guy Stanton, ACIB
Parry, Steven Frank, ACIB
Patterson, William Nicholas James, ACIB
Whorley, Kevin Jon, ACIB

Mercury Asset Management
Game, Steven, ACIB

Midland Bank
Burbage, Emma Lisa, ACIB
Collis, Clive, ACIB
Crisp, Christina Teresa, ACIB
Evans, Paul Jonathan, ACIB
Mitchell, Claire Teresa, ACIB
Raffo, Anita Maria, ACIB
Remmer, Lee, ACIB
Rumsby, Sarah Jane, ACIB
Scotford, Laura Jane, ACIB
Woodward, Eva, ACIB

National Westminster Bank
Aurekus, Adrian Leslie, ACIB
Clark, Martin Robert, ACIB
Compton, Jonathan Peter, ACIB
Hobson, Karen Rosemary, ACIB
Kingston, James Edward, ACIB
Ludlow, Mark Andrew, ACIB
Porter, Margaret Mary, ACIB
Richards, Robert Henry, ACIB
Willey, Samantha Jane, ACIB
Williams, Gary Peter, ACIB

Nice Young International
Chan Chor Wing, ACIB

Nigeria-Arab Bank
Adam, Bolale Mopelola, ACIB

Powergen
Davies, Andrew Arthur, ACIB

Royal Bank of Scotland
Dawson, Lynn Margaret, ACIB

SG Hambros Bank & Trust (Jersey)
McIlwraith, Philip Robin, ACIB

Shell Uganda
Muema, Florence Nduku, ACIB

Standard Chartered Bank
Gnanaprasam, Arakusamy, ACIB
Leung Ho Lai Shuen, Helen, ACIB

TSB Bank
Buxton, Michael John, ACIB

UBS Brison
Perish, Anne Mane Louisa, ACIB

Wing Hang Bank
Chan Tung Pok, ACIB
Leung Kwok Keung, Julian, ACIB

Woom Financial Services Co
Hung Bing Yuet, Marcus, ACIB

Yorkshire Bank
Cullumbe, Angela, ACIB

Yorkshire Building Society
Parish, Christopher Lee, ACIB

Others
Hargreaves, Peter Smith, ACIB
Hatfield, Marian, ACIB
Ho Kwok Wing, ACIB
Marshall, Suzanne Lorraine, ACIB
Wakeman, Geoffrey Richard, ACIB

ASSOCIATESHIP/BSc FINANCIAL SERVICES (Dual Award) 127 candidates who completed in October 1998

Distinction in

a = Law and Practice
b = Financial Reporting, Analysis and Planning
c = Management and Organisation
d = International Trade Finance
e = Branch Banking - Law & Practice
f = Strategic Marketing Management
g = Insurance

ANZ Grindlays Bank
Sumner, Noel Justin

Abbey National
Smith, Lawrence

Arab Bank
Constanza, Andreas

Bank of America
Patel, Nimisha

Bank of Cyprus
Nestoridou, Nikifiloteou, Charida

Bank of East Asia
Chun Kwok Tang, Stephen

Bank of Mauritius
Gopal, Somdath

Bank of Valletta
Agius, Charmaine

Barclays Bank
Andrews, Caroline Jane
Archer, George Valdemar
Balgent, Julie
Bailey, Louise Gail
Barter, David Paul
Brewer, Martin Robert
Dean, Mark James
Dodson, Yvonne Marie
Dyall, Linda Varena
Grayson, Robert Ian
Gudge, Jennifer
Haywood, David James
Hewitt, Lyn Marie
Jones, Adrian Neil
Layton, Peter William
Marsden, David John
Menzel, Karen Lee
Morton, Andrew John
Patt, Heather
Sandel, Steven
Skymne, Karen Jane
Stalker, Andrew John
Walters, Paul David Philip
Willmore, Lesley
Wood, Ann-Marie
Zuanella, Steven Augusto

Bass Brewers
Hammett, Paul John

Bayerische Landesbank Girozentrale
Hall, Timothy Robert

British Bank of the Middle East
Vivek V Rao

General Bank of Cyprus
Epanomides, Doxoula Andreou

Chase Bank & Trust Co (C)
Bartram, Sarah Jayne

Chase Manhattan Bank
Ashwell, Mark Aynsley

Chequepoint
Bullock, Linda Rosemary

Courts & Co
Basham, Sarah Anne

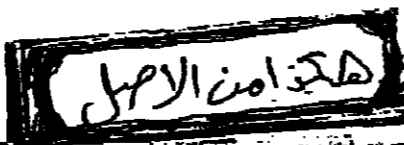


Qualifications examined and awarded by The Chartered Institute of Bankers, Associateship and BSc (Hons) in Financial Services jointly awarded with UMIST

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services

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OCTOBER 1998

- Courts (Jersey)
Prouet, Heler George
Cumberland Building Society
Cyprus Popular Bank
DePfa Bank
Deutsche Morgan Grenfell (C)
First Direct
HSBC
HSBC Holdings
HSBC Investment Bank
Halifax
Hongkong & Shanghai Banking Corporation
Hellenic Bank
Ipswich Building Society
Kleinwort Benson (Jersey)
Kwangtung Provincial Bank
Lloyds Bank
Mid-Med Bank
Midland Bank
National Bank of Greece (Cyprus)
National Bank of Umm Al-Qaiwain
National Westminster Bank
Royal Bank of Scotland
Others
Associateship - Top Candidates

- 25 Wong Mei Keung, Dresdner
26 Oke, Olatunle Nathan, Private Address
27 Bank
29 Maclell, Alan Charles, Bank of Valletta
30 Galea, Silvio John, Central Bank of Malta
31 Aristodeou, Christakis, Hellenic Bank
32 Fernando, Shivan Emmanuel, ANZ Grindlays Bank
33 Chaitah, Purnima, Private Address
34 Awazhi, Kaneesh Mala, Vijaya Bank
Bhoyrub, Naveed, Development Bank of Mauritius
Mautadin, Mohunparadesingh, Barclays Bank
Sullivan, David, MeesPenson
38 Asink, George, Bank of Cyprus
39 Rene, Serge, Banque Internationale des Mascareignes
40 Aramios, Andreas, Bank of Cyprus
Aumeer, Mahmud Salim, Maurus Commercial Bank
42 Camilleri, Alan, Valletta Investment Bank
Bartoli, Bernard, Mid-Med Bank
Borg, Carmel, Mid-Med Bank
Kyrilou, Steve, Hellenic Bank
Wijaratne, Wanushahennedige Ironi Geethang, Private Address
47 Ayli, Mary, Barclays Bank
Ganesan A.L. Sundram, United Asian Bank
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Roper, Jacqueline Mary, Nezonwide Building Society
Skids, Zacharias, Cooperative Credit Society
Aradhippou

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- 110 candidates who completed in October 1998
Distinction in
c = Financial Reporting, Analysis and Planning
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g = Branch Banking - Law & Practice
z = Trust Taxation
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Fernando, Shivan Emmanuel
Bahamas Institute of Bankers
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Bank of Commerce
Ganesan A.L. Sundram
Bank of Cyprus
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Admas, George
Demenadou, Alkistos
Kaplanis, Ants Nicosu
Bank of Tokyo-Mitsubishi
Waka, Sonatika
Bank of Valletta
Falzon, Michael
Micallef, Alan Charles
Spiriti Swain, Patrick
Bank of Zambia
Muvowo, Nakwabo Priscah
Banque Bruxelles Lambert
Ow Chee Wai, Daniel
Banque Internationale des Mascareignes
Rene, Serge
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Aysu, Mary
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Geer, Dominic Charles Edward
Mautadin, Mohunparadesingh
Oke, Monica Worne
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Alutwela, Eshantha Andrew Cecil
Central Bank of Malta
Galea, Silvio John
Central Bank of the Gambia
Jammeh, M'Yay
Sar, Pa Momodou
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Commercial Bank of Dubai
Abdul Kadir, Mahabooob
Commercial Bank of Malawi
Thupa, Roslyn
Cooperative Credit Society Aradhippou
Sikis, Zacharias
Cyprus Popular Bank
Loucas, Iakovos Andreas
Dao Heng Bank
Law Wai Leung
Development Bank of Mauritius
Bhoyrub, Naveed
Dresdner Kleinwort Benson
Wong Mei Keung
Ecobank Ghana
Alam-Ajee, Caroline Olivia
Finance Bank Zambia
Mulu, Enid Kabinda
Generale Bank
Chan Chi Leung
Hang Seng Bank
Lin Yik Kwong
Hellenic Bank
Antonlou, Mela
Aristodeou, Christakis
Hadjichambous, Haris Christou
Koullapas, George
Kyrilou, Steve
Hongkong & Shanghai Banking Corporation
Bang Sau Chu
HSBC Group
Emmerson, Mark
Indefund
Roka, Medson Rodrick
Internationale Nederlanden Bank
Lung Ka Sang, Victor
Jamaica Institute of Bankers
Bar, Janice Colleen I
Brown, Karen Mylene
Ferguson, Dennis Anthony
Harzing-Franks, Lavern M
Stowley, Heather Joy
Kenya Institute of Bankers
Ali, Rahama
Chege, Teresa Nduta
Chetpoo, Caroline J
Chesang, Carolynne Jephkorir
Chirchis, David Ngigaga
Ehanganiga, Helen Gakli
Gavuna, Philip Alwodi
Jurima, Gespar Kilio
Kalya, Edgar K
Karau, Charly Nyambura
Kamau, Matthew
Laso, Samuel Kipatig
Machoka, Peninah
Maina, Esther Muthoni
Mwani, Peter Muryithi
Mugi, Jane Wernu
Muniri, Richard Njoroge
Mumo, Anthony Ndeh
Musau, Frances Nzau
Mwalil, Paul Wachira
Mwangi, Gordon Wetu
Njiru, Carolinda
Nyambwayi, Caroline Akinyi
Owala, Stephen Otieno

- Torotich, K Maurice
Wamai, Constant Njen
Kinsheng-Tokyo Finance Company
Lo Wai Man, Esther
Kwong On Bank
So King Yin
Lloyds Bank
Peri, Jeremy Richard
Lohombus Bank
Gligo, John
Lombard NatWest Bank
Ioannou, Yannis
Mauritius Commercial Bank
Aumeer, Mahmud Salim
Lalring, Rajeev Jeetendra
MeesPenson
Sullivan, David
Mid-Med Bank
Bartoli, Bernard
Borg, Carmel
Chitrop, Bernadette
Midland Bank
Robertshaw, David Andrew
Scholtes, Heather Alexandra
National Westminster Bank
Chaffine, Clement Kabungo
Nationwide Building Society
Rosen, Jacqueline Mary
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Republic Bank
Rening, Donna Anita
Ludzman, Seeta
Societe Generale
Roper, Andrew Philip
Valletta Investment Bank
Alan Camilleri
Vijaya Bank
Awasthi, Kanchan Male
Yusuf Bin Ahmed Kanoo
Abdulla, Tarek Faleh
Zambia National Commercial Bank
Cheembe, Simon
Others
Ah-Chang, Cheong Shaow Woo
Chikuba, Mstongu Nchumanya
Chinihi, Purnima
Kosh, Constantinos
Laung Hon Wing, Edwin
Ndong, John Odeh Samuel
Oke, Olatunle Nathan
Perera, Cltus
Tan Swee Im
Wijaratne, Wanushahennedige Ironi Geethang Soya
Wong Chi Ho, Raymond

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1 Swell, Andrew Charles, Loughborough Building Society
2 Barker, Anna, National Westminster Bank
3 Coombes, Naomi Louise, Hongkong & Shanghai Banking Corporation
4 Blair, Jane, Progressive Building Society
5 Mickle, Rosalie Catherine, Halifax
6 McGrath, Darlene Anne Margaret, Private Address
7 Sulley, Owen, Chase Manhattan Bank
8 Buck, Richard Neil, Midland Bank
9 Constantinos, Elena, Bank of Cyprus
10 Cooke, Tracey Ann, Lloyds Bank
11 Hamman, Sophie Veronica, Barclays Bank
12 Newstead, Aaron Matthew, Midland Bank
13 Perera, Kappetya Kakanamage Sunith Nurendra, National Bank of Umm Al-Qaiwain
14 Leech, Gillian Fay, NatWest Offshore
15 Venetisou, Georgia, Bank of Cyprus
16 Cornea-Dall, Daphne, National Westminster Bank
17 Peel, Joanne Rebecca, Co-Operative Bank
18 Vassilidou, Angela, Cyprus Popular Bank
19 Eacos, Ifigenia, Cyprus Popular Bank
20 Nicolaou, Maria, Limassol Co-Operative Savings Bank

BANKING CERTIFICATE

88 candidates who completed in October 1998
Distinction in
D = Economics and the Bank's Role in the Economy
E = Introduction to Accounting
F = Banking: The Legal Environment
G = Supervisory Skills
H = Banking Operations - UK Lending & Int'l Business

- Allied Irish Bank (GIB)
Bartchod, Sharon Marie
Arab Bank
Herodotou, Manna
Bank of Cyprus
Charalambous, Elena
Constantinou, Elena
Kyrnariou, Georgia
Kypriou, Efi
Kymis, Michaelis
Paraskeva, Panayota
Bank of Cyprus Factors
Demetriou, Despo
Bank of Scotland
Wileman, Gary
Barclays Bank
Beckles, Beverley Patricia
Hamilton, Sophia Veronica
Chase Manhattan Bank
Sully, Owen
Commercial Bank of Malawi
Chagema, Macford Darrson
Mande, Alfred Dulana
Citibank
Blair, Julie Ann
Co-Operative Bank
Peel, Joanne Rebecca
Commercial Bank of Malawi
Chewa, Kweene Ladson
Courts & Co
Jones, Adrian Paul
Cyprus Popular Bank
Distr, Elena
Georgiou, Mairi
Kourtelia, Elena
Kouris, Ifigenia
Vassilidou, Angela
Eastern Caribbean Central Bank
Straun, Alex Eugene
Egyptian Bankers Institute
El-Ammouy, Hala Saad
Mohamed Mithmoud Hanafy, Khafed

- Fuji Bank
Berris, Patrick Edward
HSBC Holdings
Turner, Justin
Wielgut, Carol Anne
HSBC Investment Bank
Parrett, Ashley Nigel
Pickersgill, Michael Robert
Halifax
Mickle, Rosalie Catherine
Stapley, Sean Oliver
Stott, Melaine Louise
Hellenic Bank
Economou, Marcos Andrea
Fierstzou, Androulla Soteris
Marasethi, Margarita
Hongkong & Shanghai Banking Corporation
Coombes, Naomi Louise
Fournille, Marie Mylene Mata
Lee Yoo Voon, Shirley Nyoon Chin
Indo Zambia Bank
Kazilimari, Francis
Intercollege
Zaris, Andreas S
K W P
Ting, Tjaha Budhi
Kleinwort Benson (Jersey)
Evans, Paula Louise
Limassol Co-Operative Savings Bank
Nicolau, Maria
Lloyds Bank
Abbot, Helen Clare
Anthony, Adrienne Ellenor
Barnes, Victoria Louise
Brown, Ian Stuart
Cooke, Tracey Ann
Gibb, Scott James
Griffiths, Ken
McDroy, Sandra Carol
Sherratt, Timothy Edward
Lloyds TSB Group
Smith, Andrew
Loughborough Building Society
Swell, Andrew Charles
Mauritius Commercial Bank
Daval, Marie Vanissa Nathale
Midland Bank
Buck, Richard Neil
Cusdin, Andrew John
Gudgeon, Suzanne Lynn
Heddings, Tanya Martine
Holloway, Lee
Lang, Jonathan Graham
Laws, Christopher William
Newman, Rebecca Louise
Newstead, Aaron Matthew
Prestidge, Ruth Margaret
National Bank of Umm Al-Qaiwain
Perera, Kappetya Kakanamage Sunith Nurendra
National Westminster Bank
Barber, Anna
Cornea-Dall, Daphne
NatWest Offshore
Leece, Gillian Fay
Progressive Building Society
Blair, Jane
Royal Bank of Scotland
Fern, Michelle Joanne
Longden, Michelle Louise
Morton, Sheila
Royal Bank of Scotland International (Guernsey)
Subbitt, Rona
Royal Bank of Scotland International (Isle of Man)
Wales, May Smith
Samuel Montagu & Co
Ball, Robert Edward
Societe Generale
Ratnayake, R Mudyarselage Darshana Josep
Strovolos Co-Operative Credit Society
Nicolau, Eric
University of Sri Jayawardenapura
Weerakoon, Eranda Wehanake
West Bromwich Building Society
Sangha, Kamaldeep
Zambia Institute Of Bankers
Mufana, Victoria
Phiri, Patricia
Zimbabwe Banking Corporation
Mofe, Francois Tamasana
Others
Bhatti, Nimra Hanif
McGrath, Darlene Anne Margaret
Patel, Sophia

DIPLOMA IN MORTGAGE LENDING

This free-standing diploma has been developed in co-operation with the Council of Mortgage Lenders. It is designed to meet the needs of specialist staff working for building societies, banks and direct lenders, and, at the same time, to provide a pathway to the Associateship (ACIB) and the BSC (Fiona) degree in Financial Services.

DIPLOMA IN MORTGAGE LENDING

21 candidates who completed in October 1998

- Barclays Bank
Harper, Judith Cheryl, ACIB
Young, Gayle
Bradford & Bingley Building Society
Gornall, John, FCB
Halifax
Phillips, Lesley Helen
Walsley, Martin Keith, ACIB
Kensington Mortgage Company
England, Ian John
Lloyds Bank
Davies, Jon Malta, ACIB
Davies, Maryn Gareth, ACIB
Mortgage Trust
Howard, Katherine Beatrice
Nationwide Building Society
Biles, Denise
Hall, Louise
Jacobs, Miles Alexander
Jones, Paul David
McCartan, Rodney
Rhodes, David Michael
Williams, Kathryn Elizabeth Maryse
Northern Rock
Davis, Michele
Sawyers Estate Agents
Sawyer, Steven Anthony, ACIB
Wing Hang Bank
Chen Tung Pok, ACIB

DIPLOMA IN TRUST & ESTATE PRACTICE

A free-standing Diploma developed in co-operation with the Society of Trust and Estate Practitioners (STEP), the professional body for the trust and estate profession in the UK and world-wide. It is an entry route to full membership of STEP and is designed to improve candidates' understanding and knowledge of issues related to trust and estate practice.

DIPLOMA IN TRUST & ESTATE PRACTICE

5 candidates who completed in October 1998

- Canadian Imperial Bank of Commerce
Needham, Andrew David
Courts (Guernsey)
Green, David MBE, ACIB
HSBC International Trustee
Lo Man Chuen, Benjamin
Loo, Yim Sheung Louisa
Others
Hargreaves, Peter Smith, FCB
Midland Bank
Pamphorn, Clare Louise
Richards, Pamela
Monmouthshire Building Society
Bzenczek, Helen Michelle
National Westminster Bank
De Lara, Julie Anne
Nationwide Building Society
Hancock, John Adrian
Newcastle Building Society
Cowie, Kathryn Ann
Northern Rock
Barber, Lynne
Barnes, Richard Thomas
Conway, Michelle
Evans, Carolyn Lesley
Fisher, Jacqueline Grace
Hamish, Michael
Howard, Nicola
Jagger, Lynne Sandra
Johnson, Lynn
Martin, Beverley
McBryde, Stacy
Orrmond, Lynn
Rose, David George
Shearwell, Viliu Louise
Storey, Christopher Mark
Varma, Neha
Polytechnic Ibadan
Lewis, James Alkhanwani
Portman Building Society
Gardner, Claire Elizabeth
Scavola, Joanna
Principality Building Society
Bradfield-Davies, Penelope Jane
Griffiths, Gaynor
Hurford, Christina Jane
Progressive Building Society
Edwards, Denise Karen
Hewitt, Miss Ingram, Jane
Royal Bank of Scotland
Campbell, George William
Moore, Lee
Staffordshire Building Society
Woolley, Elizabeth Louise
Standard Chartered Bank (CI)
Lewis, Alicia Elizabeth
Virgin Direct
Griggs, Kate Amanda
Howard, Danielle Sandra Ferguson
Pays, Michael Keith
Robins, Andrew Simon
Woodrup, Fiona Michelle
J Jesak Enterprises
Nwanlowo, Samuel Chijoke
Lloyds Bank
Andrew, Helen Jane
Andrews, Sarah Catherine
Arnett, Trudy Jane
Ash, Susan Jane
Ashley, Adrian Keith
Baker, Christine Mary
Barnes, Susan Lindsay
Bartley, Joanna
Bennett, Vikki
Berry, Sharon Lisa
Billett, Lyn Michelle
Berby, Joanne
Blair, Barry Edward
Booth, Joanne
Bowen, John Kenneth
Braleay, Jayne Ann
Bromage, Karen Elizabeth
Bromley, Karen Joanne
Brown, Diane
Brown, Wendy
Burgham, Sarah Jane
Burns, Lynne
Chapple, Pauline Tina
Clarson, Kay Evelyn
Clifton, Jennifer Lyn
Cragg, Gary Philip
Cripe, Maureen Anne
Crispin, Pamela Denise
Crook, Isabel
Culmore, Alison Mary
Davies, Dawn Mary
Davies, Karen Lynne
Daves, Brian Ronald
Detton, Jayne Lisa
Farnworth, Jane Anne
Farling, Jill Susan
Ferguson, Brian James Patrick
Gibson, Martyn Raymond
Graves, Carl Allen
Greenham, Alan John
Greggan, Joanne Victoria
Griffiths, Andrea Mary
Hadfield, November Mary
Harris, Dana Elizabeth
Hatcher, Sarah Louise
Haynes, Kerry Louise
Hendicks, Geraldine Stan
Hind, Patricia Ann
Hison, Beverley Ann

PROFESSIONAL INVESTMENT CERTIFICATE

An advanced qualification, validated as being at first year undergraduate standard, which builds on the existing statutory examinations for financial advisers (i.e. CIFA, FPC, IAC). It is designed to meet the specialist needs of individuals giving financial advice to clients, providing a deeper and broader knowledge and understanding of the issues affecting financial advice. It is practical in nature, with an emphasis on improving an adviser's ability to use their expanded knowledge (through advising and explaining to clients, preparing recommendations, etc).

PROFESSIONAL INVESTMENT CERTIFICATE

4 candidates who completed in October 1998

- Bank of East Asia
Cho Pak Lun
Barclays Life Assurance Co
Cadenhead, Lawrence Neil
Taylor, Peter
Lloyds TSB Life Assurance Company
Mason, Richard

SUPPLEMENTARY PASS LIST

May 1998

- ASSOCIATESHIP
Dah Sing Bank
Yu Man Chu
Kinsheng Banking Corporation
Sui Man Lan
Jamaica Institute of Bankers
Carey, Claudette Cynthia
DIPLOMA IN TRUST & ESTATE PRACTICE
New World Trustee (Jersey)
Buesnel, Georgina Jane Anne
CERTIFICATE IN FINANCIAL SERVICES PRACTICE
Cumberland Building Society
Sinclair, Emma Karen
Leak United Building Society
Butler, Sharon Elaine
Lloyds Bank
Hallett, Ann Marie
Others
Cossey Jones, Haddy
Doherty, Michelle Jane

TECHNOLOGY

ALTERNATIVE ENERGY HYDROPOWER

World power in a barrel

A Russian scientist expelled from his homeland may have the solution to the planet's energy problems, writes Victoria Griffith

Alexander Gorlov looks improbably modest when he announces that he has solved the world's energy problems. His invention - a turbine that can turn the water flow of the world's oceans and rivers into electricity - could make him a death target of the oil-rich Middle East, he speculates. "But I'm not afraid," he says calmly. "I defied the KGB and survived. Anyway, the oil barons would have had to kill me two years ago. The invention is done now; it's too late."

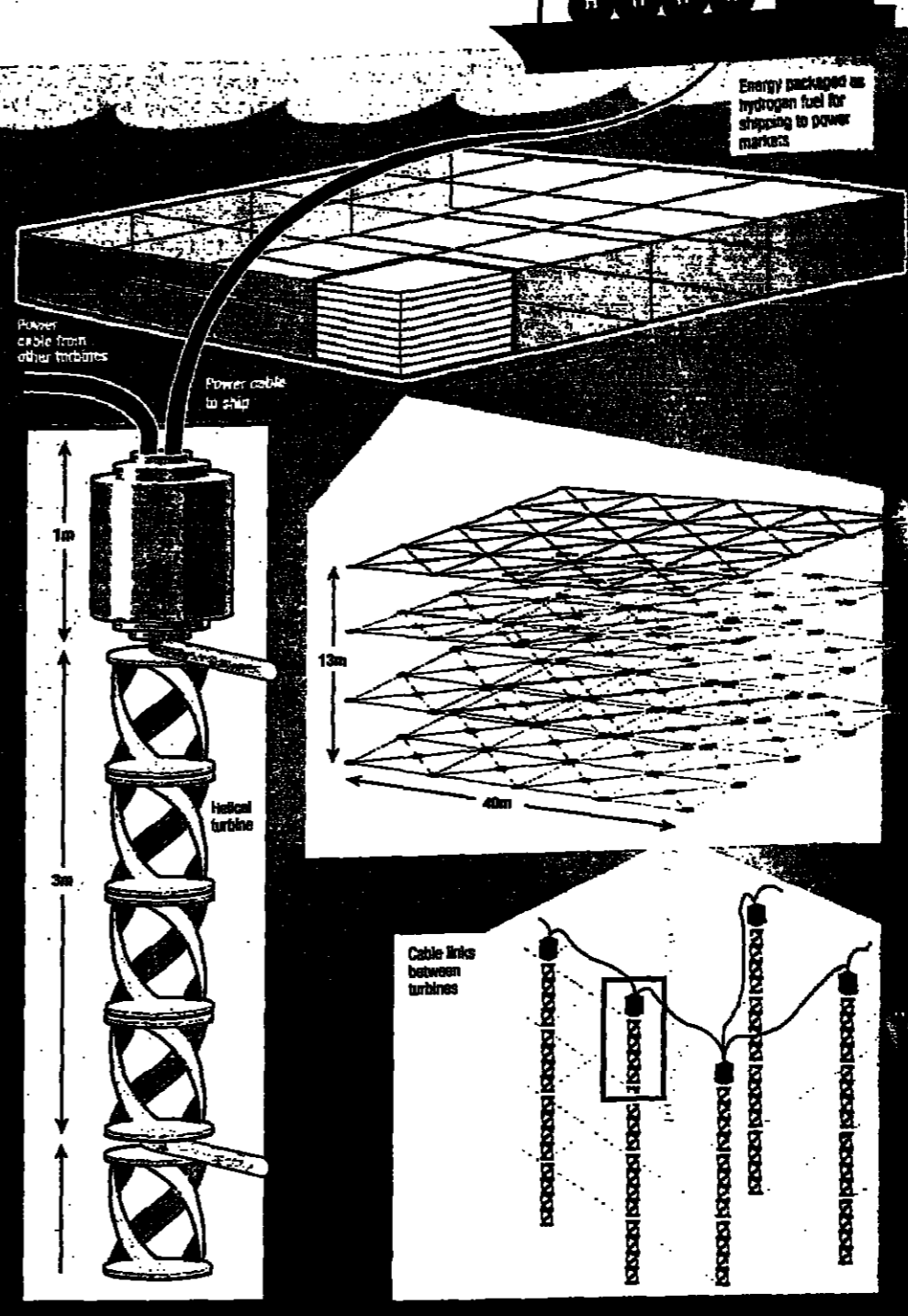
Mr Gorlov's experience with Russia's infamous intelligence agency in fact set in motion the series of events that led to the patenting of his invention last year. In 1971, he went to the summer house of his friend Alexander Solzhenitsyn to fetch a spare car part. To his surprise, he found KGB agents searching the place. The KGB agents, to cover up their crime, accused Mr Gorlov of being a burglar. Solzhenitsyn used the incident to mount a worldwide public relations campaign against the KGB. When Mr Gorlov refused to spy on his friend, he was deported. Mr Gorlov ended up in Boston as a professor of mechanical engineering at Northeastern University and began to pursue his dream of creating cheap, environmentally friendly hydropower. Before his expulsion, he had built a successful scientific career in Russia, and had helped design Egypt's Aswan dam.

Yet the great hydropower dams struck a negative chord for Mr Gorlov. He became concerned about their impact on the environment. Dams work by blocking the flow of water to create a powerful artificial waterfall. Propellers deep under the water driven by that energy convert it to electricity. But dams destroy migrating fish populations and flood large tracts of land as they interrupt the flow of huge rivers. The oil crisis of the 1970s also worried Mr Gorlov; he saw clearly that traditional energy reserves would some day be depleted. Shortly after his arrival in the US, he started to badger the Department of Energy to fund his research on a turbine that would enable the creation of a more benign form of hydropower. After 15 years, it finally offered him a two-year grant in 1990. Mr Gorlov lost no time. For years, he had been studying the "Darrieus turbine",

invented by Georges Darrieus, a French engineer, in 1931. The turbine, designed in the first instance to be wind-powered, was one of the first attempts to harness free water flows for power. In contrast to wheel-type turbines, common at the time, Darrieus came up with a barrel-shaped device fitted with airfoil blades. The design was ingenious. In effect, says Mr Gorlov, it set aeroplanes engineering on its head, turning energy inward for power-generation, rather than outward for flight. Yet the Darrieus turbine never caught on. The device vibrated so much that the blades were constantly breaking, making the system difficult and expensive to maintain. What is more, the turbine sometimes had trouble starting itself. It was also not terribly efficient at capturing energy.

Mr Gorlov's design seems to have solved these problems. By curving the blades, in a configuration that has the appearance of a DNA molecule, he has made the turbine more efficient than the Darrieus. It captures 35 per cent of the power of free water currents, while the Darrieus never caught more than 23 per cent. The new design also puts less stress on the blades, and it permits self-starting even at very low current speeds. Although the system could be used in almost any river or stream, Mr Gorlov's dream is to place hundreds of these turbines in "ocean power farms" that would supply electric needs worldwide. "The Gulf Stream current alone would be able to provide more electricity than it is imaginable the world would be able to consume," he says. The system is attracting a great deal of commercial interest. Allied Signal, the US conglomerate, has licensed the product, and says it is in negotiations to install power farms off the coasts of Australia, the Netherlands, Great Britain, China and South Africa. "We're not selling this as environmentally friendly power, although it is," says Ted Bajer, programme manager at Allied Signal for the turbines. "There's a lot of interest because the system is incredibly cheap and efficient. In dollars per kilowatt, it's cheaper than oil."

How an ocean power farm would work



Mr Bajer estimates Allied Signal would achieve several billions of dollars in annual sales from the project within the next few years. The turbines face challenges. One concern getting the electricity back to the mainland after it is generated. Electric cables along the ocean floor would also be necessary to convert internal combustion engines and other oil consumers to hydrogen use.

None of this prevents Mr Gorlov from predicting that the turbines will eventually become the world's main source of energy. "I set out to solve the world's energy problems in an environmentally friendly way and I have done so," he says. "This will save future generations from the greenhouse effect and is capable of providing all the power we would ever conceivably wish to consume."



'The oil barons would have had to kill me two years ago. The invention is done now; it's too late'

Alexander Gorlov

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DAVID BOWEN WEB SITE INSPECTION

Clintonet goes on trial

A welter of information about Clinton's impeachment is available. But the video search engine is the true star - tap in any word and you get a minute-or-so clip of the trial, along with the text

How on earth did impeachment junkies survive in 1998, when there was no internet and US President Andrew Johnson was under the cosh? They could not tap into vast Q&As on the legal fine points. Nor could they sign up for an e-mail news feed, or examine tapes of the trial with the world's first video search engine.

I'd rather watch paint dry, but for those who want to examine every nook and cranny of the Bill Clinton impeachment trial, the web is by far the best place to look.

Serious students should turn to the American Bar Association's public education area, where they will find a mass of questions with comprehensible answers, as well as lots of links. This is heavy text. For photos take the link to Jurist.

From Jurist you can head off in any number of directions. I chose to find out via the internet how Harper's Weekly, the most important US national periodical of the time, covered the Johnson trial. Harper's Weekly coverage of the trial has a fascinating contemporary view, with its own cartoons.

But the video search engine is the real star, because its significance goes far beyond the current trial. Produced by Virage for AltaVista, it allows you to put in any word and to see a minute-or-so clip of the trial, along with the text. "Betty Currie" yields 42 snippets, "sexual" 43 and "lie" 25. Virage has done the same for Bill Gates' testimony in the Microsoft antitrust case. When the technology is applied to every court case, every parliamentary debate, every speech by Fidel Castro, the potential for

time-saving will be formidable. American Bar Association www.abanet.org/publiced/impeachment.html
Jurist www.jurist.lean.pitt.edu
Video search video.altavista.com/impeach Harper's Weekly impeach-andrewjohnson.com

Flu seems to be very much on the air at the moment, so it is a good time for drugs companies to sell their wares. The Web's interactivity gives them plenty of opportunities to be clever - but they have to be careful: attitudes and regulations on the marketing of drugs are much stricter in the European Union than in the US.

ZymeTX is a US company that makes ZstatFu, a swab test for flu. One of its sites, FluUK or "Your influenza resource on the Web", is full of scary stuff. 90m flu cases are reported in the US every year, costs exceed \$10bn, and so on. But a linked site, flu-alert, is the intriguing one. Select your (US) state and discover whether it is on "alert", "watch" or "no activity". This week it was bad news for Florida and

Oklahoma, with perfect health only in Wyoming. The statistical basis of flu-alert is questionable. Florida's gloom was based on a handful of positive ZstatFu tests, and the National Flu Surveillance Network turns out to be a rather small number of doctors carrying out the tests. Never mind: it is early days and this is an intriguing example of drugs companies using the internet to offer a service that would be impossible in any other medium.

Whether such subtle advertising is desirable is, of course, another matter; a point highlighted by the Pravachol site. Pravachol is a heart treatment produced by Bristol-Myers Squibb, and the site kindly helps you find out if you are likely to have a heart attack. Fill in an interactive questionnaire to see what your "risk score" is, show this to your doctor, and with luck you will be prescribed Pravachol.

The kicker here lies in the small "US residents only" badge on each page. In Europe, drugs companies are forbidden from marketing prescription drugs direct to the public, so this sort of site is quite unacceptable. Trouble is, Europeans can

view the site as easily as Americans can. Something will have to change. But will the drug companies be hammered by the regulators, or will the transatlantic chasm in regulatory attitudes have to narrow?

The Monet exhibition starting in London tomorrow is likely to be massively popular. I went to the Royal Academy's site to find out more. I was amazed. There were no pictures, nothing about opening times or prices, only an old news release in plain text.

The site also provided information for potential sponsors and Friends of the RA. I could sign up for study courses, but only if I printed out a page containing the form on six sheets of A4 paper (the form is neatly cut in half). I also found a link to details of the Summer Exhibition - last year's.

If anyone at the RA ever buys a computer, they may like to look at the Boston Museum of Fine Arts' site. The museum was the previous host of the Monet exhibition. It presents practical information attractively and has a couple of pictures which lighten the page without slowing the loading too much. It will also sell you a Monet trivet (\$18) and Monet Lily Pond earrings (\$50). What joy!

The RA appears to have got this site free (it was designed by students): a definition of a false economy. Royal Academy of Arts www.royalacademy.org.uk

design * navigation *** Museum of Fine Art www.mfa.org overall **** design **** navigation ***

David Bowen is editor of Net Profit newsletter (www.net-profit.co.uk, info@net-profit.co.uk)



سكنا من الامم

THE ARTS

The good, the bad - and the ugly

Antony Thorncroft finds anything goes at London's contemporary art fair, Art 99

Art 99, the leading fair of 20th-century British art, has reached maturity. This might not be quite the image sought by the organisers, who like to think of themselves as cutting-edge, but if it means a large and loyal audience, and decent sales, it is surely a price worth paying.

Last year the attendance jumped by a third, to 40,000, and immediate sales were valued at £6.5m, with subsequent deals back at the galleries perhaps doubling that total.

You might feel that Damien Hirst's spin paintings are overpriced and starting to look old-fashioned

Art 98 reflected the trendiness of BritArt, the confidence found by a new generation of collectors in the work of those Sensation seekers, the Young British Artists.

Earlier aspirations to make the fair international have been abandoned, and attempts to lure in the biggest names in the London modern art market, the Weddings, the D'Offays, the Lisson, with offers of cut-price display space, have also been dropped.

But after 10 years the fair, which opened this week in north London, has created its own momentum. It is reassuringly predictable, but still able to shock. The trendiest exhibitors, such as Jay Jopling and Alan Cristea, are given the best selling spots near the entrance. Then come the respectable traders: Bernard Jacobson, Agnew's, and Marlborough, allotted generous spaces close behind. Finally the Young Turks, new dealers showing young artists, are corralled off into their own section, this year called Start.

The fair offers the best cross-section of the good, the bad, and the ugly in contemporary and modern British art from 90 dealers. There are pictures priced at more than £100,000 and prints for under

£100, but most transactions will be for less than £5,000.

Most of the big-money art sold at the fair is by the older, perhaps long-dead, masters of the 20th century - Ben Nicholson and Henry Moore, Graham Sutherland and Ivon Hitchens; or purely decorative items that the public loves but the critics despise. The hit on opening night was the photo realist work, rooted in the movies, of Jack Vettriano, whose paintings, priced at between £3,000 and £8,000, walked off the Portland Gallery stand.

But fashion is crucial in art, and that now focuses around a group of conceptualist, installationist, video-obsessed, non-painting artists whose work can only really be displayed in museums. This coterie of publicity touring artists, originally associated with Damien Hirst, ensured that Art 98 was a great success, and the continuing bandwagon has ensured that Art 99 has got off to an equally cracking start.

This year's fair is similar to last year's. But thankfully there are variations. The persistent thinning-out has removed a fifth of the 1998 dealers, often out-of-town purveyors of the meretricious.

Among the big newcomers are such established names as Browse & Darby, offering Euan Uglow and Anthony Eyton, among others; the Piccadilly Gallery, with Anthony Green and Adrian Berg; and Spink-Leger, showing Terry Frost, Patrick Heron, Elisabeth Frink, all the good establishment names, likely to appeal to seasoned collectors with £20,000 or so in their wallet.

But the younger generation of art lovers will be making their way to the Start section, where the organisers, and Bloomberg News, are subsidising displays by 16 tyro dealers including Anthony Wilkinson, Hales, and Jibby Beane. Here you can follow in the footsteps of Charles Saatchi, the UK's leading collector of contemporary art, and buy installations by Tomoko Takahashi, spotted last year at Art 98 and the star of Saatchi's *Neurotic Realism* show.

Anthony Wilkinson has the neon



Fairground attraction: Brett Whiteley's portrait of Francis Bacon

signs of Jessica Voorsanger and the monochromes of Simon Calery; Charles Asprey, represents John Chilver, who pipes on colour through a cake icer; Jibby Beane offers Mira Bernabell who works in colour photography on aluminium.

There are not many videos on display - they are more loved by museum curators than the public - but much work in new media. The Contemporary Art Society is on hand to guide the unsuspecting around this section, which at the least is cheap - prices range from £80 to £4,000.

You might find much of the contemporary art vacuous. You might feel that Damien Hirst's spin paintings on Jay Jopling's stand are

overpriced at £50,000-plus, and starting to look old-fashioned. You might worry that some of the older artists, such as Peter Howson, have great painterly skill but choose joylessly sombre figurative subjects.

But the attraction of Art 99 is the range of art on show. There are dealers such as Jonathan Clark offering some of the best of 20th century British - a rare Ivon Hitchens nude of 1950 and another by Christopher Wood; paintings by Victor Pasmore and William Scott; ensembles of Nicholson and Hepworth.

Bernard Jacobson is showing artists with secure reputations such as the Americans Stella and Rauschenberg and old Brits like Bom-

berg and Sutherland. There is Agnew's, with the under-appreciated Sidney Nolan, and Marlborough, with everyone from Paula Rego to Stephen Conroy, including a £100,000-plus portrait of Francis Bacon by Brett Whiteley.

Many artists, like Matisse, Moore, and Rego, whose oils are far beyond the purse of most, can be collected at Art 99 through their drawings, prints and lithographs. The Serpentine Gallery, the fair's official charity, is offering limited-edition prints by Caulfield, Rego, Irvin and others for between £20 and £350.

Art 99, Business Design Centre, London N1, until Sunday.

Flawed but compelling

THEATRE

ALASTAIR MACAULAY
Bad Weather
The Pit, London EC2

Any drama student could probably tell you at some length what is wrong with Robert Holman's play, *Bad Weather*. And, when the Royal Shakespeare Company launched it last year in Stratford-upon-Avon at The Other Place, several critics got no further than its faults. It sprawls, it bites off more than it can chew, it often feels more like a novel than a play, more than half its plot is implausible, it never seems to be on the cutting edge of drama, and... And that much is easy.

What is hard is to explain why it is so very touching. You never know where it is going next, and each of its six characters keeps growing larger and less predictable. Can people change? *Bad Weather* suggests that they can, and that a change of environment is one way of helping them to do so.

It starts and ends in Middlesbrough, where the weather seems always bad. Nineteen-year-old Jamie goes to prison for GBH, his pregnant girlfriend Rhona and his friend, her 21-year-old brother, Luke both know that he is innocent, although he has been fairly convicted of previous crimes. Luke is the one guilty of the crime, Jamie, appalled by prison and so fiercely defensive that he is hard to love, will not grass on his friend.

Luke, engaging and so irresponsible that he is virtually amoral, is, by contrast, easy to love. Or so Jamie's mother Kay finds, and so does her friend Agnes, arriving from France: it is their feelings for Luke in particular that lead the play into its deepest emotional water. During Act Two, five of the characters - Agnes, Kay, Luke, the pregnant Rhona, and Kay's lover Noel - go to France: to Agnes's home. *Luze, calme, et volupté* predominates, at least at first; and Jamie is almost forgot-

ten. The change is not always for the happier or better. Luke enters into a very strange mixture of somnambulism and denial. But when Kay returns home and visits Jamie in the final scene, one change for the better does begin.

I write about *Bad Weather* now as if viewing it from a great distance; in the theatre you feel very close to it indeed. Now that it has

The first half has lost something in suspense; the second half feels considerably more taut

arrived at the Pit, it feels in several respects quite different. The physical look of the play is greatly altered in this different space; the first half has lost something in suspense; the second half feels considerably more taut.

Steven Pimlott remains the director, and - as used to be true of most Pimlott productions, but as was not so when *Bad Weather* was new - there are moments when the acting seems slightly calculated and schematic. But only moments. As before, Susan Engel and Susan Brown are Agnes and Kay; the delicacy and authority of their playing are wholly compelling. Barry Stanton as Noel and Emma Handy as Rhona, the two characters who become outsiders to the play's more central and mysterious drama and yet who do much to propel it, bring great tension and colour to all their scenes. Paul Poplewell as the open and beloved Luke and Ryan Pope as the entrenched and guarded Jamie, rightly, steer their characters into completely opposite directions; and yet you cannot miss just how conflicted both of them are.

Sponsored by the Ulanov partnership

Short measure for the Bard's dark comedy

THEATRE

SARAH HEMMING
Measure for Measure
The Barbican, London EC2

Though difficult, *Measure for Measure* can be a thrilling play, charged with sexual tension and heady moral debate, riddled with conundrums and carried by a narrative that twists and turns like a mountain road. Michael Boyd's bold RSC production seizes on this dark comedy with relish and squares up to some of its tougher scenes with unpredictable and illuminating insight. Yet the staging is patchy and doesn't carry off the narrative's cut and thrust with such success, and so it never fulfils its own potential.

Boyd's innovations begin with the tricky opening scene. One of the drama's many puzzles is why the Duke of Vienna so abruptly abandons his office, leaving power in the hands of his starchy

deputy. Here we see the Duke (a driven Robert Glenister), in Edwardian dress, in a desperate and drunken fever, dictating his opening speech into a phonograph then fleeing, leaving his appointment of Angelo to be listened to in his absence. This suggests that his departure may have been brewing for some time and also that, while he is tormented by the debauchery into which his state has fallen, he might also be fearful of Angelo's capabilities.

While the play is driven by ethical and moral debate, it is also very much about power, and Boyd centres the production on the power struggle and abuses of power to which both Angelo and the Duke succumb. So we see Angelo, "dressed in a little brief authority", abusing his might by demanding of Isabella the very act for which he has condemned her brother, and then using his position to conceal his sin. We note also how the Duke, in disguise, manipulates events and

people to trap Angelo and only recovers his composure when he can seize control and play judge and juror himself, however mercifully. It is a stark lesson in how power can corrupt.

In this respect, the production is imaginative and modern. The Edwardian setting makes sense of the conflict between the buttoned-up law and unlettered instinct, yet Tom Piper's austere set with its blonde wood and dominating elegant staircase, would not look out of place in an upmarket 1990s eatery. But while some aspects of the play emerge freshly, others are muted, and the narrative twists, as the characters struggle with their principles, can be far more dramatic than they are here.

Most notably underpowered are the central scenes between Isabella and Angelo. Stephen Boxer is excellent as Angelo in many respects. But I never felt the turmoil, the struggle within him, as he realises that the young nun's passionate chastity arouses his

own puritan loins. Likewise, Clare Holman beautifully suggests Isabella's modest integrity, but she does not catch the zealous edge to her purity that inflames Angelo, nor the intense pleading for her brother. Both characters are extremists caught off their guard and this combination of fire and ice is what makes their scenes so intellectually and physically electrifying.

Holman and Boxer are both riveting at the end, however. He, trapped, deflates visibly, while she is moving in her compassion for him. The denouement is strikingly realised and the comedy in the play is very well handled, with Jimmy Chisholm making a wonderfully camp Pompey and Adrian Schiller splendid as the garrulous, decadent Lucio.

This is a provocative production, but is very good only in parts - it doesn't give us the full measure.

Sponsored by NatWest.



Imaginative: Clare Holman on the staircase which dominates Tom Piper's austere set

INTERNATIONAL

Arts Guide

ANTWERP

OPERA
Flanders Opera
Lulu; by Berg. Conducted by Bernhard Kontarsky in a new staging by Ivo van Hove, with Constanze Hauman in the title role; Jan 27

BERLIN

OPERA
Deutsche Oper
Tel: 49-30-34384-01
● Die Zauberflöte; by Mozart. Conducted by Jiri Kout in a staging by Günter Krämer, with designs by Andreas Reinhardt; Jan 24, 27
● Turandot; by Puccini. Marcello Viotti conducts a staging by Götz Friedrich; Jan 23

CHICAGO

OPERA
Lyric Opera of Chicago
Tel: 1-312-332 2244
www.lyricopera.org
● Mefistofele; by Boito. György Györfvanyi Rath conducts a revival staged by Peter

McClintock. Samuel Ramey sings the title role; Jan 22, 25
● Romeo et Juliette; by Gounod. Conducted by John Nelson in a staging directed by Nicolas Joël. The cast stars Roberto Alagna and Angela Gheorghiu; Jan 23, 26

DUBLIN

THEATRE
Abbey Theatre
Tel: 353-1-878 7222
The Rivals; by Sheridan. New production directed by Brian Brady and designed by Conor Murphy; to Jan 23

LAS PALMAS CANARY ISLANDS

CONCERT
Auditorio Alfredo Kraus
Cleveland Orchestra; conducted by Christoph von Dohnányi in works by Schmittke, Bartók and Schubert; Jan 22

LONDON

DANCE
Sadler's Wells
Tel: 44-171-653 8000
Tanztheater Wuppertal Pina Bausch: Viktor. Long-awaited return to London by the Pina Bausch company, which is celebrating its 25th anniversary. With designs by Peter Pabst and a score including jazz, folk and classical music; Jan 27.

LOS ANGELES

EXHIBITION

Los Angeles County Museum of Art
Tel: 1-213-857 6000
www.lacma.org
Van Gogh's Van Goghs: Masterpieces from the Van Gogh Museum, Amsterdam. Display of 70 paintings on loan during the period of the Dutch museum's renovation. Includes masterpieces such as Potato Eaters (1885) and Wheatfield with Crows (1890); to May 16

LYON

OPERA
Opéra National de Lyon
Tel: 33-4-7200 4500
Zelmira; by Rossini. Conducted by Maurizio Benini in a staging by Yannis Kokkos, with a cast including Mariella Devia; Jan 24, 27

MADRID

CONCERT
Auditorio Nacional
Tel: 34-1-357 0100
● San Francisco Symphony Orchestra; conducted by Michael Tilson Thomas in works by Bernstein and Mahler; Jan 23
● San Francisco Symphony Orchestra; conducted by Michael Tilson Thomas in works by Ives, Canteloube and Prokofiev, with violin soloist Gil Shaham; Jan 24

MANCHESTER
CONCERT
Bridgewater Hall
Tel: 44-161-907 9000

BBC Philharmonic; conducted by Van Pascal Tessler in works by Poulenc, with the BBC Singers and Leeds Festival Chorus; Jan 23

MUNICH

CONCERTS
Philharmonie Gasteig
Tel: 49-89-5481 8181
● Munich Philharmonic Orchestra; conducted by Kent Nagano in works by Liszt, Prokofiev and Stravinsky. With violin soloist Kyung-Wha Chung; Jan 22, 24
● Symphoniorchester des Bayerischen Rundfunks; conducted by Lorin Maazel in works by Mozart and Bruckner, with piano soloist Murray Perahia; Jan 23, 27
● Vienna Symphony Orchestra; conducted by Vladimir Fedosejev in works by Mozart, Mussorgsky and Borodin. With mezzosoprano Marijana Lipovsek; Jan 25

OPERA

Bayerische Staatsoper
Tel: 49-89-2185 1920
www.staatsoper.bayern.de
Lohengrin; by Wagner. Peter Schneider conducts a staging by Götz Friedrich. Cast includes Adrienne Pieczonka and Waltraud Meier; Jan 23, 27

MURCIA

CONCERT
Auditorio y Centro de Congressos
Tel: 34-968-341 060
San Francisco Symphony Orchestra; conducted by Michael

Tilson Thomas in works by Ives, Bernstein and Prokofiev; Jan 25

NEW YORK

CONCERTS
Avery Fisher Hall, Lincoln Center
Tel: 1-212-875 5030
www.lincolncenter.org
● London Symphony Orchestra; conducted by Colin Davis in works by Elgar and Beethoven. Jan 24, 25, 26
● New York Philharmonic; conducted by Riccardo Muti in works by Brahms, Busoni and Ravel; Jan 22

DANCE

Neil Simon Theatre
Tel: 1-212-307 4100
Adventures in Motion Pictures: Swan Lake. British choreographer Matthew Bourne's all-male version of Tchaikovsky's ballet; to Jan 23

EXHIBITION

Metropolitan Museum of Art
Tel: 1-212-879 5500
www.metmuseum.org
Mary Cassatt: Drawings and Prints. Coinciding with a major retrospective at the Art Institute of Chicago, the Metropolitan Museum has organised an exhibition of most of its extensive collection of Cassatt's work; to Jan 24

OPERA

Metropolitan Opera, Lincoln Center
Tel: 1-212-362 6000
www.metopera.org
Werther; by Massenet. Donald

Runnicles conducts a staging by Paul-Emile Delbecq. Cast includes Susan Graham (except Jan 27) and Thomas Hampson; Jan 23, 27

PARIS

CONCERT
Salle Pleyel
Tel: 33-1-4561 8589
Orchestre de Paris; conducted by Neeme Järvi in Orff's Carmina Burana; Jan 27

PERUGIA

EXHIBITION
Galleria Nazionale dell' Umbria
Tel: 39-075 574 1247
Beato Angelico and Benozzo Gozzoli: Renaissance Painters. Organised to mark the 500th anniversary of Fra Angelico's death; to Apr 11

ROME

EXHIBITION
Palazzo delle Esposizioni
Tel: 39-06-474 5903
Poussin: Early Years in Rome. Display of 41 works produced between 1624 and 1628. The centrepiece is 'The sack of the temple in Jerusalem by Titus' (1925/6), commissioned by the Barberini family and rediscovered by Denis Mahon, the show's curator; to Mar 1

TOKYO

CONCERTS
Sunbury Hall
Tel: 81-3-3584 9999
Japan Philharmonic Symphony

Orchestra; conducted by Ken-ichiro Kobayashi in Mahler's Symphony No.7; Jan 22

TURIN

EXHIBITION
Biblioteca Reale
Tel: 39-011-545303
Leonardo drawings: 12 works from the library's collection, on display in their new air-conditioned and fireproof home. Includes preparatory sketches for The Virgin of the Rocks and nude studies. Advance booking necessary; to Jan 31

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At 06:20 Tanya Beckett of FTTV reports live from LIFFE as the London market opens.

COMMENT & ANALYSIS



PHILIP STEPHENS

Look who's smiling

The resignation of the leader of the UK's third political party has delayed the great work of reshaping British politics

There is a nice rule in politics which says that the best way to understand the significance of an event is to see who is smiling. Well, Tony Blair was not smiling this week when Paddy Ashdown announced his departure as leader of the Liberal Democrats. Mr Blair thought he had sewn up British politics for the next several decades. The centre-left rules, OK. Mr Ashdown's going opens a large tear in the strategy. Let's step back a bit here. I cannot remember the last time that the passing on of the baton in Britain's third party raised more than a flicker of interest in 10 Downing Street. It is 30 years since Liberals (as they were then called) occupied the corridors of power. For most of the time since their place on the political scene has been one of an occasionally interesting but more often irritating irrelevance. Mr Ashdown, with Mr Blair's help, set about changing that. Between them, they hatched something called The Project. This took a hard look at the history of the present century and came to the unstarling conclusion that the Conservatives had prospered because their opponents were divided. It was time to stamp out this destructive tribalism. Mr Blair's New Labour and Mr Ashdown's Liberal Democrats would recreate in the 21st century the radical coalition that prospered in the 19th. It was a task to which they were temperamentally suited. Both are political interlopers, holding more in common with each other than with their own tribes. Mr Ashdown, a former special forces officer, heads a party until recently best

known for its beards and sandals. Mr Blair, public schoolboy-turned-barrister, has never exactly worn his socialism on his sleeve. The personal chemistry is good. Mr Blair has more time for the Liberal Democrat leader than for some of his senior ministers. And it should be no surprise that Mr Ashdown told the prime minister some time ago of his impending departure - and kept his own colleagues in the dark. So until recently it all went along quite smoothly. Mr Blair ignored mutterings of dissent from Labour tribals. Mr Ashdown managed to persuade his internal critics that the deal was delivering. Liberal Democrats, he could claim, now had a voice in the cabinet on the issues they cherished most - constitutional reform and policy towards Europe. Grown-up politics is popular with voters. The yah-boo version may set pulses racing in the Westminster village. But the electorate is more mature. All the evidence from opinion polls is that Labour and Liberal Democrats alike have prospered from their liaison. William Hague's Conservatives shout to be rarely heard. Mr Blair has toyed with the idea of permanent places in the cabinet for Mr Ashdown's party. It is often said that he won a much smaller majority in May 1997, the prime minister would have proposed an immediate coalition. I think that is right. The paradox was that he became a prisoner of his own success. His party's tribals might have gone along with the idea of coalition if their grip on power had been tenuous. But they were not going to share the spoils of office

after such a famous victory. I once asked the prime minister whether this indeed had been his plan. He looked a little nervous and answered a slightly different question. I took this to mean yes. And even since the election there have been discussions along similar lines between representatives of the two leaders. One can only surmise that Mr Blair is fearful of the reaction. John Prescott, the deputy prime minister, has reminded us recently that Old Labour is still susceptible to tantrums. Others like Jack Straw, the home secretary, and David Blunkett at education make little secret of their visceral hostility to coalition. In any event, caution has prevailed. Looking back, a turning point in the relationship came last autumn when the publication of the Jenkins Commission report on electoral reform for the House of Commons. A more proportional voting system is the ultimate prize for the Liberal Democrats, the measure which would permanently entrench its influence at Westminster. A referendum on the report had been promised for this parliament. Mr Blair, facing a swelling tide of opposition in his own party, kicked the issue into touch. He will tell you that a referendum is still possible this side of the election. But he will not promise it. Lord Jenkins, elder statesman and unofficial tutor to the prime minister, is less impressed these days by his protégé. A second blow in late December with Peter Mandelson's enforced resignation. Mr Mandelson was the most important cabinet enthusiast for coalition. He was Mr Blair's personal representative in

talks with the Liberal Democrats. If the prime minister needed stiffening, he provided it. So now the project is in something of a ditch. Mr Blair may be grim but Mr Prescott et al bear more than a passing resemblance to cats with cream. There are one or two smirks too among the contenders for Mr Ashdown's job. Even before he announced his departure, there was chaffing among some Liberal Democrats. A slice of the party will always prefer the politics of protest to that of power. Mr Ashdown says the stippling was not the trigger for his departure. A decade in the job was enough. I am inclined to take him at his word. He is quitting at the top. The Liberal Democrats are a fractious lot. Their idealism has a certain charm. But for the leader it makes for an exhausting life. The tempting inference to draw from all this is the moment has now been lost. The permanent political realignment of Mr Blair's dreams, the century of centre-left hegemony, will pass into the realm of what-might-have-been. Charles Kennedy, front-runner in the race to replace Mr Ashdown, does not sound enthusiastic about Lib-Labbery. I wonder, though. There is more at stake here for Mr Blair than most people realise. Pluralist politics is not a gimmick or a tactic. It lies at the core of his political persona. Sure, voters like him because he seems a decent, God-fearing chap. But what really appeals is a sense of political purpose which breaks out of the narrow boundaries of partisanship. Mr Blair's strength resides in this powerful self-projection of a national rather than a party politician. Mr Ashdown's departure alters the contours of British politics. But a much bigger event - the promised referendum in two or three years time on participation in the euro - will remake the landscape. New Labour and the Liberal Democrats will then stand on the same side of the most important vote in the nation's postwar history. Was that a beginnings of a smile I saw beneath Mr Blair's frown?

LETTERS TO THE EDITOR

Corporate capture of defence industry

From Prof John Lovering.
Sir, The proposed incorporation of GEC-Marconi into New British Aerospace has far wider implications than the press coverage has recognised. The defence industry is in the midst of a bewilderingly complex and radical restructuring on a global level. In effect, a new post-cold war military industrial complex is being constructed. New British Aerospace will have a significant role in this, based on collaborative projects with numerous European, Asian and southern hemisphere companies, and larger ones with the US defence industry.

Bush and the death penalty

From Mr Bernard Cunningham.
Sir, Hillary Durgan's report on George Bush Jr ("Bush takes Texas oath in shadow of Washington DC", January 20) failed to make reference to that "compassionate conservative's" record of breach of human rights of the hundreds on Texas's Death Row. This man, who has allowed the execution of mental defectives, social inadequates and others who had the misfortune to come from the bottom of the social ladder, wishes to renew society from the bottom. I suppose their wholesale execution could be considered as one way of doing so. He wishes to bridge cultural and ethnic differences, yet has allowed the execution of a disproportionate number of blacks and Hispanics. His record with regard to the death penalty and human rights disqualifies him from candidature for the presidency.

Crawling peg has worked well for Chile

From Mr Victor Bulmer-Thomas.
Sir, You were too hasty to write off adjustable exchange rate pegs ("Ball of the Real", January 18). It is true that the peg failed in Brazil. Yet Chile, still the star in the Latin American firmament, has used a crawling peg to good effect in the last 10 years, while Colombia, Costa Rica and Peru have also benefited. Almost any exchange rate regime can be made to work if it is backed up by appropriate fiscal and monetary policies. Argentina's currency board is held up as a model exchange rate regime by

X: the truth is out there

From Dr Richard Hadfield.
Sir, I finally understand how to price internet stocks. In order to pay \$6.7bn for Excite, Tom Jermoluk, chief executive of a Home, shows us how: "The shareholders together say that one and one makes 10 here." Obviously, for internet stocks the equality 1 + x = 1 x 10 holds true for all x, not only zero.

'Fixed' currencies that cannot help but float

From Mr Bert Ely.
Sir, Stephen Fidler, in "Dollarise or die" (January 19), states, as have many other commentators, that Hong Kong and Argentina have absolutely fixed exchange rates. That is wrong. Argentina and Hong Kong have absolutely floating exchange

rates because the currency to which they are tied - the US dollar - is itself a floating currency. Any currency tied rigidly to a floating currency is itself a floating currency. Of course, the float of the tied currency is not driven by its own economic fundamentals, which is why "tied

floats" can be sustained only at great cost. That is why a "direct float", which the leading countries enjoy, is far preferable. **Bert Ely, Ely & Company, 901 King Street, Alexandria, Virginia 22314, US**

Number One Southwark Bridge, London SE1 9HL

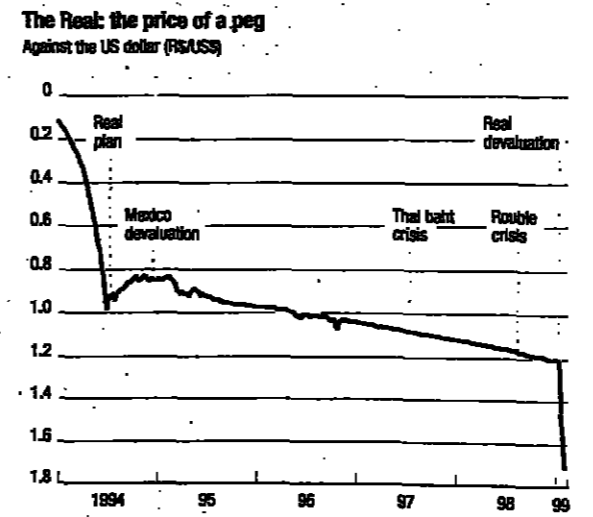
Richard Hadfield, DKB Financial Products, 32nd Floor, Gloucester Tower, Landmark, Hong Kong

PERSONAL VIEW JEFFREY SACHS

Self-inflicted wounds

It is dangerous to fall in love with exchange rate pegs, as Brazil discovered to its cost. Countries should discard them as soon as they have stabilised internal prices

The International Monetary Fund's dealings with Brazil in the past two years constitute a textbook failure in monetary management. As a result of monetary policy errors, Brazil faces a steep and unnecessary recession. At one level, the story is straightforward: Brazil defended an overvalued currency until it finally snapped. The greater mystery, and greater concern for the future, is the complicity of the US government and the IMF in this blunder. As in so many policy failures, the Brazil debacle began with a great success. In 1994, Fernando Henrique Cardoso, then finance minister and now president, led a team of reformers in designing and implementing an ingenious programme of monetary stabilisation in which a pegged exchange rate played a crucial part. In the first, brilliantly adapted to Brazilian circumstances, a new currency, the Real, was phased in between March and July 1994 with a nearly constant value against the dollar. As predicted, wage and price inflation began to slow markedly as the exchange rate stabilised. But as in many other "exchange rate based" stabilisations, the slowdown in wage and price inflation slightly lagged behind. While the new monetary unit was nearly stable after April 1994, wages and prices approximately doubled between the second quarter of 1994 and the end of 1995. The result was an elegant and essentially costless stabilisation, so effective as to deliver the 1994 presidential elections to Mr Cardoso. But the legacy was an overvalued exchange rate. The next step should have been clear. It was time to move away from the pegged rate, and to introduce a much more flexible exchange rate system. This is the path successfully taken by Israel after its 1985 stabilisation, and by Poland after 1990. Indeed, the basic stabilisation strategy of an early pegged rate followed by a modest depreciation and subsequent flexibility, had



become part of the accepted professional lore of anti-inflation programmes, in part through the academic writings of Stanley Fischer, now the first managing deputy director of the IMF. Some governments, however, fall in the love with the exchange rate peg since an overvalued currency generally means cheap consumer goods and high real wages in urban areas. Thus, Mexico delayed a needed exchange rate change in 1993-94 in large part because the government feared the political consequences in the 1994 election year. The consequences, of course, were dreadful in 1995, following a December 1994 devaluation when Mexico had exhausted its reserves in a futile defence of the currency. Brazil (and Thailand for that matter) had the Mexico debacle clearly in view in 1995-96, and so too did the IMF. What happened therefore is even more remarkable. Brazil delayed needed exchange rate changes, presumably with a view towards Mr Cardoso's forthcoming re-election campaign. It introduced a very gradual depreciation that was not enough to compensate for the past overvaluation. In the autumn of 1997, when the Asia crisis hit, the Real was heavily attacked - understandably and predictably in view of Brazil's currency overvaluation, its significant budget deficit (then

around 4 per cent of gross domestic product), and its large stock of short-term internal and external debt. At that point, an urgent re-assessment of monetary and exchange rate policy was due. And yet the IMF ardently defended the Brazilian decision in October 1997 to put up interest rates to 50 per cent per year precisely in order to hold the currency. This decision was fateful. It cemented the end of Brazilian economic growth, and built in a fiscal time bomb. When the misguided defence of the currency began, the deficit was about 4 per cent of GDP. A fiscal adjustment, supposedly of 2 per cent of GDP was announced, and praised by the IMF. But instead of reducing the deficit to 2 per cent of GDP, the 1998 budget deficit in fact jumped to about 8 per cent of GDP, in large part the result of the self-induced economic slowdown (which reduced tax collections) and the rapid build-up of interest payments on public debt. Any careful observer in 1998 could recognise the Mexico debacle clearly. When Russia fell into the same currency trap in mid-year - for the same reason: an exchange-based stabilisation programme held too long with IMF encouragement - Brazil was the subject of intense speculative attack once again. So here was Brazil in October 1998, now with zero economic growth, a looming recession, a hugely overvalued exchange rate, a rapidly rising internal debt, a clear view of Russia's collapse, and the support of the IMF to defend the currency. Of course, a major part of the story (as in Mexico in 1994) was that Mr Cardoso's reelection was just around the corner. The IMF, the US government and Brazil worked out a fatuous \$41bn stabilisation programme predicated on a continuation of the pegged exchange rate regime. Once again, the IMF leadership disparaged "academic observers" who suggested the Brazilian currency was substantially overvalued. The IMF does not, presumably, have a death wish. So why has it been a party to such damaging and unsuccessful policies? There are, I think, four reasons. First, the IMF and the US Treasury have listened far too much to Wall Street importunings since the mid-1990s. US investors wanted to get their money out of Russia and Brazil without devaluation losses. Second, the IMF believes it can outsmart the market, when in fact the market is outsmarting the IMF. The IMF (and US) wanted to support Mr Cardoso's reelection. Ironically, he most likely would have won with a devaluation in 1996, or in late 1997, or even in late 1998. Now he faces a financial disaster of his own contrivance. Third, as an anti-inflation zealot, the IMF coolly accepts deep recessions if it thinks that the output collapse will save a few percentage points on the price level. Last, the IMF remains impervious to criticism. The critics can carp, but the IMF and the Treasury hold the bucks. True to form, after two years of receiving disastrous advice from Washington, where did the new Brazilian central bank governor go for ideas the day after the currency collapse? Why of course, to the IMF and US Treasury. The author is the director of the Harvard Institute for International Development.

FORUM OF INFORMATION TECHNOLOGY

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February 3, 1999

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COMMENT & ANALYSIS

Testing the euro's mettle

FT writers suggest the standards Europe's single currency must meet to be a success in the real world

The launch of the euro was a triumph in a narrow sense: it went off smoothly. But if Europe's new currency is to be a real success, it will have to do more than merely not cause market mayhem in week one. It will have to influence the behaviour of many other actors for years - the world's capital markets, the treasuries of big companies and the euro-zone's 370m consumers. In an attempt to provoke thought (ie, don't hold us too strictly to these) FT writers suggest some yardsticks for judging the euro's performance.



CAPITAL MARKETS

Ed Luce

The euro will have to account for at least 30 per cent of international bond issues by the end of this year.

At present, about half of all international bonds are denominated in dollars, with the yen, sterling and now-defunct continental European currencies making up most of the remainder. Volumes in the euro-zone's fledgling bond market, therefore, will indicate whether financial markets think the euro is a success and also whether it stands any chance of becoming a viable alternative to the dollar.

This implies two things. First, the largest global borrowers, such as the World Bank and leading emerging market governments, ought to tap debt in euros as frequently as they do in dollars. They will only do so if the currency is viewed as stable and if the pricing is competitive with interest rates in the dollar market. So the development of a viable swaps market in the euro is a precondition of its success.

Second, international investors, notably the large US mutual and pension funds and the big Japanese life insurers, should be keen to invest in the euro. Again, the attractiveness of euro-denominated bonds depends on the stability of the euro-zone's broader economy and on whether the single currency is trading within a stable range against the dollar and the yen. One clear pointer of this is whether leading central banks, including those of Japan, China and Taiwan, become large buyers of European government bonds. At the moment about 65 per cent of foreign reserves of central banks are held in dollars. This should have fallen to nearer 50 per cent by the end of 1999.

BANKS

George Graham

Half a dozen pan-European banks must emerge within the next few years.

A pan-European bank can be headquartered anywhere in the region, but to be worthy of the name it must have retail and commercial banking activities throughout the euro-zone and a management structure that gives equal opportunities to nationals of any of the region's countries. Although most big European banks now lead to big businesses throughout the region, few conduct business with individuals and smaller businesses outside their home market. For pan-European banking to achieve critical mass, there must be at least five big institutions that attempt to appeal to the mass market across the euro-zone.

That does not mean replicating outside their home markets the

branch networks built at home in the era of "bricks and mortar" branch banking. But it does mean appealing to a range of customers, perhaps using alternative distribution techniques such as direct mail, agents, and telephone banking.

Of course, for all that to happen, banks must first sort out some basic operational details. They have to make sure untried payments systems such as Target and the Euro Banking Association clearing system can successfully move money from one end of Europe to the other. They must also ensure that customers get the right balances in their accounts, despite the complexity of operating in national currencies and euros simultaneously.

Bank customers will expect improvements in service and better terms. For corporate treasurers, this will mean much cheaper cross-border transfers, but also the ability to sweep money and pool cash balances across borders - a goal blocked more by tax and accounting difficulties than by foot-dragging by the banks.

Perhaps the decisive question will be how quickly consumers (who will not feel the full force of the euro before 2002) start to benefit from lower interest rates and better service conditions. Mortgage rates in countries such as Portugal, Italy and Belgium have already fallen considerably as they have converged on those of

countries with lower rates. The band, though, remains wide.

COMPANIES

Peter Martin

Companies really have to treat Europe as one market. That means having roughly the same market share and prices in every main part of the euro-zone; it means writing - and using - a European company law; and it implies a European-wide consensus on corporate governance.

Big companies are already operating on a pan-European scale in consumer goods, business-to-business sales, and services. But few make as much money abroad as they do at home. Pricing is also different. They may attempt to sell cheaply, to overcome unfamiliarity, or they may charge a premium, to reflect their "exotic" nature.

One test of the success of the euro, therefore, is an end to these national characteristics. Firms that operate on a pan-European basis must achieve broadly comparable profitability and market share in all the main markets of the euro-zone, and comparable pricing as well.

Another combines legal and practical aspects. The European Commission and the Council of Ministers must agree the long-

delayed European company statute, which would allow companies to incorporate themselves under a European, rather than national, structure of law.

Legal formalities are only half the story: this statute must be attractive enough to encourage many of Europe's big businesses to re-incorporate themselves under it. Tax and other complications must be resolved, and national governments must encourage such conversions. Critical mass here is at least 20 of the top European companies, with a strong representation from each of the euro-zone's big economies. Without such a migration, Europe's corporate structure will remain balkanised.

The third corporate test is a more subjective one. It requires an emerging consensus on corporate governance, the role of stakeholders, and the priority to attach to shareholders' interests. Without such a consensus, Europe's capital markets will not function efficiently and the "stateless" companies the European company statute will encourage will not achieve their goals.

CONSUMERS

Emma Tucker

Consumers will judge the euro a success if it drives down price

differentials across the single market and makes prices instantly comparable across borders.

The potential for the euro to make an impact is extremely high. A survey carried out by Test Achats, the Belgian consumer organisation, on the eve of the single currency's launch, revealed sharp national differences in the prices of consumer goods. Car radios in London, admittedly not yet a member of the euro-zone, are up to 36 per cent more expensive than in Rome. Part of such price differentials can be put down to local taxes and the cost of labour, but all these should become more transparent under the euro.

Transparency will occur only when retailers start to label their goods in the local currency and euro, something many are committed to doing before the end of this year. One measure of the euro's success, therefore, will be how far dual pricing has extended beyond the premises of big European-wide retailers to local shops. The range of items bearing dual price tags will also be important.

One further benchmark will be the impact the euro has on mobility. Out of a population of 370m people, only about 5.5m European nationals live and work in another EU country. Although language and culture influence mobility, the euro will make it easier to compare salaries, social benefits, house prices and other living costs.

ECONOMY

Martin Wolf

In macro-economic terms, the euro-zone will be judged not just by how well it performs on average, but by divergences in performance across member states.

How might this be assessed? First, how well does the "one size fits all" monetary policy work? Does it give roughly the right monetary policy for all member states or are there widely divergent macro-economic conditions, with over-heating in some economies and recessions in others? Second, are member states able, in practice, to use fiscal policy to stabilise their economies as and when needed?

Success will mean that the citizens of each member state are content with the outcome for themselves - or at least happy enough for there to be no serious talk of secession.

One of the most important by-products of monetary union should be structural reforms, particularly in labour markets. With the exchange rate safety valve closed, adjustment pressures will fall elsewhere, particularly on workers. Exchange rate certainty will increase the attractions of moving production towards member states with relatively low labour costs. This, in turn, will generate resistance, with efforts being made to create euro-zone wage bargaining and raise labour standards to those of the highest cost countries.

Success would then consist of liberalisation and reform; but failure would consist of euro-wide wage bargaining and enforcement of higher labour standards throughout the zone.

In the end, however, the euro-zone will be a success if citizens conclude it has worked well enough to be bearable. This will be a subjective political judgment, not an objective economic one.

FINANCIAL TIMES

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Friday January 22 1999

Universal Social Security

There is no perfect answer to the question of how best to provide for the elderly. But even as his trial continues in the Senate, President Bill Clinton has set useful terms for the US debate. The central idea is that the bulk of the projected federal surplus over the next 15 years should be saved for pension provision. This is surely right.

Mr Clinton wants to maintain a universal Social Security system, and will find much public support. Under his plan, the surplus will be used to shore up the finances. Unlike in most other rich countries, the US state pension is not paid out of general revenue. The increasing costs as baby boomers retire will not be disguised. For this reason, current contributions are greater than benefits. From around 2015, this positive balance changes. Soon after 2030, the trust fund will be exhausted. After that, either taxes go up or benefits fall.

Mr Clinton proposes that 62 per cent of the surplus forecast over the next 15 years, some \$2,800bn, should be paid into the trust fund. Under the plan, the surplus will effectively be used to pay off debt rather than spending it or cutting taxes. Government bonds would be placed in the trust fund, to "save" the surplus. On top of this, Mr Clinton proposes that up to 25 per cent of the transferred surplus be invested in the stock market. Historically, the return on equities is greater

than on bonds. The White House says the plan will keep Social Security solvent until 2055.

Mr Clinton's defence of Social Security will please Democrats, but not conservative Republicans who would rather see big tax cuts and a private pension system. However, to appeal to conservatives Mr Clinton proposes a second pension pillar of individual, privately managed, voluntary accounts. The government would contribute 11 per cent of the projected surplus to provide an incentive to save.

Much of this is sensible. Social Security remains a highly popular programme. Only half the US public has a private pension. Government assistance could be designed to most help the poor. If, in the longer term, the US pension system moved more towards the funded second pillar, infrastructure and public understanding would be in place.

The major concern, voiced this week by Alan Greenspan, chairman of the Federal Reserve, is that the US government would become the country's biggest single equity holder. This raises difficult, though not necessarily insurmountable, questions. But where the trust fund is invested is a second order question. If it all stayed in bonds, Social Security would still remain solvent until 2049. The important, and welcome, proposal is that the surplus be used to keep Social Security in the black.

Relieving debt

The proposals on debt relief for poor countries put forward by Gerhard Schröder, Germany's chancellor, in his article in yesterday's FT are well judged and well timed. They also mark a commendable change of heart in a country that, under its previous government, adopted a somewhat rigid and given the debt relief Germany once received, unbecomingly self-righteous attitude.

The already established debt initiative for heavily indebted poor countries (HIPC) has made some progress. Rightly, relief was not laddered out to all indebted countries, regardless of merit. It was used, instead, as an incentive and reward for improved policies, both economic and social. So far seven countries - Bolivia, Burkina Faso, Côte d'Ivoire, Guyana, Mali, Mozambique and Uganda - have received relief with a net present value of about \$3.1bn. But a total of 15 should have qualified for relief by the year 2000, provided reform programmes remain on track.

Nevertheless, critics have been justified in their demands for more and faster relief. These demands will not be stilled: the Jubilee 2000 campaign, for cancellation of the "unpayable" debt of the poorest countries, will ensure that. As chairman of the group of eight leading industrial countries this year, Mr Schröder is in an

outstanding position to improve what is on offer still further.

His proposal is aimed at "intensifying and accelerating the implementation of HIPC". It has three elements.

The first is speeding up the process, to ensure all countries entitled to take part will know their position by 2000. In some cases cancellation of commercial credits and loans from governments is to be considered. The second element is cancellation of those debts owed by eligible countries that are caused by bilateral development assistance. The third is assistance to the World Bank and International Monetary Fund with their own contributions to debt relief. This is to take the form of contributions to the World Bank's HIPC Trust and the Fund's "enhanced structural adjustment facility".

These ideas appear well judged. The whole process will be accelerated and debts will be cancelled, where appropriate, but relief will remain linked to good policy and performance. This is as it should be: there is no case for letting, say, Sudan's government off the hook. But it has always been important to treat governments that are making a serious effort to improve the lot of their people with generosity and some dispatch. Mr Schröder's suggestions mark a welcome further step in that desirable direction.

Asia's real worry

A week after Brazil's devaluation Asia seems to have escaped the contagion effect that hit emerging markets after Thailand let its currency slide in 1997. For once, a large devaluation in one part of the world has not brought a collapse elsewhere. Together with this week's restoration of investment grade status to South Korea this adds up to the impression that the Asian crisis is finally on the mend.

Celebration could be premature. Brazil's move was widely expected. The relatively low share of trade in its economy means devaluation has little direct competitive impact. The steam has gone out of the hedge funds whose earlier activity proved so destructive. And the strong yen has eased pressure on other Asian currencies.

But the lack of market response also confirms that a crisis which began in the financial arena has moved on, first to the real economy and now, increasingly, to the political fabric. Thanks to the region's strong balance of payments surplus, today's danger lies less in currency market meltdown and more in doubts over the endurance of governments as they cope for an elusive recovery.

Concern is not just focused on the looming elections in Indonesia and the widely publicised travails of Dr Mahatir Mohamed in Malaysia. Thailand's finance

minister and two other senior ministers face a censure motion next week that could be a prelude to an eventual election. South Korea's government is at loggerheads with the opposition and facing differences within its own coalition. China's prime minister Zhu Rongji is under pressure as a result of the weak economy. Tung Chee-hwa, Hong Kong's chief executive, is also on the defensive as the territory grapples with record unemployment, while Japan's prime minister Keizo Obuchi is struggling to maintain the authority of his weak coalition.

Only in the case of South Korea is the internal bickering a luxury which the politicians feel they can afford because of optimism about the economy. While consumer confidence remains weak and the labour market under pressure even that optimism could easily prove misplaced. For the others, it is more a matter of three governments desperately trying to escape from recession.

Consensus forecasts for the region show four economies - Hong Kong, Singapore, Indonesia and Japan - contracting this year and several others barely in positive territory. The economic crisis is not over. Indeed, it may be entering a phase where pressure on politicians gets in the way of sensible solutions. That calls for care, not complacency.

To vote or not to vote

You have to hand it to the Italians for sheer perseverance. Earlier this week, the constitutional court in Rome decided to allow the petition for a referendum that seeks to abolish proportional representation in parliament's lower house.

Following the court's verdict, voters will soon have the chance to rationalise the electoral set-up by voting for changes aimed at eliminating all those bothersome splinter parties. Getting a referendum off the ground takes organisation and unpaid hard work - but this will be the sixth time that Italian voters have been called to the ballot box in the 1990s to decide issues by popular vote.

In a referendum four years ago, they had to settle 12 matters that the country's politicians ducked. Among the eight issues decided in 1993, Italians voted overwhelmingly to abolish state funding of political parties. Some hope. Since then, the will of the people has been conveniently ignored by members of parliament.

Opinion polls suggest a massive majority in favour of the latest move to abolish proportional representation in the lower house. But will the politicians listen? At least they took notice of the public in 1987,

when a referendum called for withdrawal from nuclear power. But that cost the Italian taxpayer billions of lire.

Passing the puck

Alexei Yashin's popularity soared last year after the Russian hockey player announced he'd donate CS-1m to Canada's cash-strapped National Arts Centre in Ottawa. No matter that cynics called his donation a public relations ploy to win over fans after a year on the bench with the Ottawa Senators because of a contract dispute.

Now the superstar player has dropped the idea after making only one of five annual instalments. Yashin's agent said his reasons for cancelling the donation were "personal". There's talk he's been annoyed that the NAC hasn't made a greater effort to feature top Russian concert performers. Another theory is he cancelled the cash after a disagreement over tax receipts from the NAC, while others reckon he pulled out because the NAC wouldn't employ his parents.

So will his image take a bruising? Fans may well forgive his change of heart, given he's a key reason why the team has risen to the top echelons of the National Hockey League this season. One thing's certain, however. He won't be appearing on stage with NAC officials later this

month: the centre has indefinitely postponed its much-heralded "Pucks and Tux" gala concert.

Paddy put off

Most leading politicians can't resist the temptation to commit their careers to paper once they bow off the national stage. But there's very good news for the electors of Britain, who are bidding goodbye to Paddy Ashdown - leader for 10 years of the Liberal Democrats, the country's third party.

Ashdown, 58, may have shocked parliamentarians by announcing his unexpected departure but they'll be even more surprised to hear he's got no intention of writing his memoirs.

Though the man credited with bringing the Liberal Democrats back from the brink of extinction may soon have time on his hands - as a trained commando his hands were said to be capable of killing people - but he's not going to spend it hunched over a word processor.

For which Observer is rather grateful: the lost leader's account of how he fended off ranks of party activists set against change and finally found safe haven by coddling up to prime minister Tony Blair's government is hardly the stuff of memoirs. In any case, he's quite likely to end up with a proper job next time, possibly as a Blair emissary to Brussels. One of Britain's

commissioners to the EC, Sir Leon Brittan, is due to step down later this year and there's already speculation that Blair could give Ashdown - who had been tipped for a post in the British cabinet - the job. The other favourite is Chris Patten, the former Conservative minister and Hong Kong governor.

Mersey mania

David Fisher, merchandising boss of Bloomingdale's in New York, is an unreconstructed Beatles fan. He's got pictures of the "Fab Four" on his office walls to prove it.

Fisher has just been coaxed over to Liverpool by fellow New Yorker and honorary Liverpudlian Sid Bernstein, who first took the group to the US in the 1960s and who's been recruited by the city as an "ambassador". The smart department store is keen to set up a Made in Liverpool stall in its New York store selling locally made Beatles souvenirs, clocks, clothes and sofas. If it works, they'll do the same in the store's other US outlets.

"He's a dyed-in-the wool Beatles fan and we've got him interested in Liverpool's renaissance," says Bernstein, who's also planning a Liverpool revival concert in New York's Central Park later this year. He's also pushing for the two cities - old trading partners - to be twinned. Lime Street meets Lexington? Yeah, yeah, yeah.

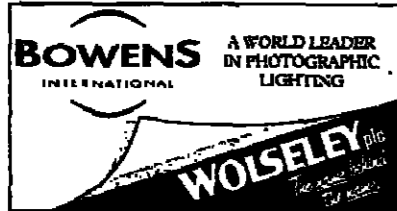
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Financial Times

50 years ago

5% French Loan Paris, Jan. 21. The announcement to-day of a new Government loan at 5 per cent, accompanied by guarantees against depreciation of capital and interest unprecedented in French financial history, is one of the sharpest tests of public confidence in the future of France and her currency since 1944. On the response to the new loan may well depend the future of this or any other Third France Government in France. The new bonds can be issued "to bearer" and will be exempt from present or future taxes on securities. The amount aimed at is Frs. 100,000m.

Outlook For Tea It is now clear that tea producers generally may be in a strong position for at least another year. This strength has been apparent in the way the Indian and Ceylon authorities have been able to reflect the British Government proposal that London tea auctions should be resumed. In 1942-46 Indian and Ceylon tea supplies were subject to international allocation. From the beginning of 1947, however, the Indian and Ceylon Governments adopted the principle of encouraging sales by auction.



FINANCIAL TIMES

FRIDAY JANUARY 22, 1999

BUILDING HOMES OF INDIVIDUALITY FROM SCOTLAND TO THE SOUTH COAST

THE LEX COLUMN

Clipped wings

Plans by United Airlines, the largest carrier in the US, to swoop down on America West, the ninth biggest, make a lot of sense. It would strengthen United's position on the West Coast, and parts of America West's 110-strong fleet could be shifted to Washington DC, where United intends to expand. Moreover, America West can be had for a snip. Even after a one-quarter jump in its shares, it is capitalised at barely \$900m. United might even be able to secure a 50 per cent voting stake from financier David Bonderman for much less. All in all, a neat deal.

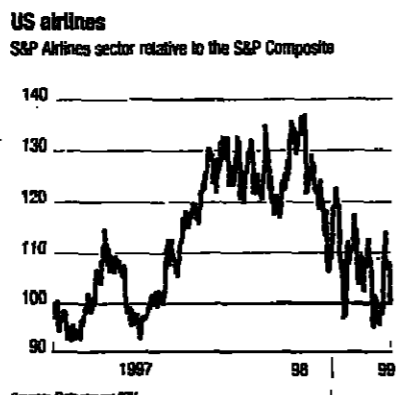
Unfortunately, it is not that simple. Continental Airlines, a bitter rival of United, has the right of first refusal over Mr Bonderman's stake, and already owns 8 per cent of America West. The Justice Department would surely question the merger of two of the top 10 airlines - after all, it sued Northwest Airlines when it took a stake in Continental last year. And United's carriers, which own 55 per cent of the union, will have to be won over.

Nevertheless, consolidation is essential. Over the past six years, US airlines have co-operated as never before, restrained capacity increases and produced record profits. But the industry still does not earn its cost of capital over a business cycle. With profits set to fall by 15-20 per cent this year and share prices already weak, pressure to raise returns through rationalisation will only increase.

Nissan

Nissan looks a tempting morsel. The world's fifth largest car manufacturer has top-class European and US production facilities and a 20 per cent market share in Japan, where foreigners have struggled to make headway. As for synergies, Renault, if successful, could push its classic models through Nissan's US and Japanese distributors, as well as generating savings in Europe. DaimlerChrysler could make huge cost reductions in Nissan's dire US distribution network. Both of them could generate economies of scale from common procurement and rationalising research and development.

Moreover, Nissan looks a bargain. At yesterday's close, a 50 per cent stake would cost just \$4.4bn. If that sounds too good to be true, it is. Nissan is a case of nice assets, shame about the liabilities.



Officially Nissan's net debt is ¥2,500bn (\$22bn) against equity of ¥1,030bn. That would be bad enough. But the group has also made off-balance sheet loans to selling suppliers and dealers, which could add up to another ¥1,000bn. Certainly, any foreign investor would need to inject a large amount of capital. This risk should be reflected in the price.

But the biggest stumbling block to any deal would be Nissan's managers. After all, why should a foreign investor provide cash to executives who have destroyed value on such a consistent basis? The cost of Nissan's survival is likely to be their jobs.

Cemex

Cemex must consider itself earthquake proof. The more the rest of the world shies away from emerging markets, the more the Mexican cement producer digs in. While Brazil rocked global markets last week, Cemex announced a \$577m expansion in troubled Asia. It has long eyed prospects in Brazil itself.

Its Far Eastern strategy makes long-term sense. In the Philippines, it plans to become the number two producer after raising its stake in Rizal and buying out APO Cement. That would give multi-nationals almost full control of the market at the expense of cut-throat locals, increasing their power to raise depressed local cement prices. And by swooping now, Cemex is buying these assets at close to replacement value and only a fraction of their pre-crisis cost.

When the Philippine economy eventually recovers, Cemex should reap the rewards. Similarly in Indonesia, Cemex's 22 per cent stake in PT Semen Gresik gives it market clout at low cost. Rebuilding the economy of one of the world's most populous countries will eventually require bags of cement.

Of more concern is the balance sheet. Cemex's rush to expand has left it with \$4.6bn of net debt balanced on a market capitalisation of \$2.4bn. Granted, much of it is in hard currencies at relatively low interest rates. And Cemex has promised to cut borrowings - hence the recent sale of some Spanish assets. But a period of consolidation now looks in order.

Mirror Group

For a company in the communications industry, Mirror Group deserves to be lambasted for allowing a poisonous atmosphere to fester. Shareholders ought to be sitting pretty as the company's executives try to wrinkle a better price out of Regional Independent Media.

Instead, resentment lingers that an alternative deal with Trinity was allowed to slip away. And for that they blame David Montgomery, the chief executive, as does Trinity. Mr Montgomery denies the charge. Whatever the truth, it is evidence of a dramatic breakdown in trust if some shareholders do not believe what the chief executive tells them. And Mr Montgomery must carry some responsibility for that. Furthermore, the company has not helped its case by allowing rumours to persist of a split between Mr Montgomery and chairman Sir Victor Blank.

Shareholders deserve better. At the very least, they deserve a board that is united on Mr Montgomery's position, as well as on which deal to favour. If the board is split, it is incumbent on the non-executives to break the deadlock. This they must do, or face the nuclear option of shareholders requisitioning an extraordinary meeting.

What of Mirror's negotiations? The board is continuing to talk to Regional Independent Media. But since it has failed to convince some shareholders that the Trinity merger was a bad one, the non-executives should review this conclusion and report back to shareholders.

Brussels seeks to block US banana export sanctions

By Guy de Jongh

The dispute between the US and the European Union over trade in bananas escalated yesterday after Brussels tried to prevent Washington from obtaining the approval of the World Trade Organisation to impose sanctions on EU exports in 10 days.

The US attacked the move, saying it reflected "eleventh hour desperation tactics". A spokesman for the EU trade representative claimed the EU was evading its obligations by trying to make the WTO rewrite the rules.

Trade diplomats in Geneva said the EU's unprecedented move took the WTO into uncharted legal territory and could provoke a political showdown with the US. Washington plans to ask the WTO's dispute settlement body on Monday for authorisation to impose sanctions on \$20m of European exports from February 1, because the EU has not complied with a WTO ruling against its banana import regime. Under WTO rules,

the US request cannot be blocked. The US says the regime - which gives banana imports from former British and French colonies in Africa, the Caribbean and the Pacific preferential treatment - discriminates against US distributors in Latin America.

Brussels sought yesterday to spike Washington's guns by calling for an emergency meeting of the WTO's general council, its ruling body, to decide whether the US sanctions request was valid.

The EU insists its request for a meeting should be heard before any decision about US sanctions. Brussels argues that the US cannot legally retaliate because the modified scheme, introduced at the start of this year, complies with the earlier finding that EU banana imports breached the rules.

The EU is also asking the general council to clarify whether the US will have the right to retaliate against European exports if a WTO panel rules against the new banana scheme.

WTO members are allowed to ask the general council to interpret the rules, but this is the first time it has been done. Although the council is obliged to accept the EU request, it is not expected to meet before mid-February - about two weeks after US sanctions are due to start.

A majority of three-quarters of the WTO's 133 members is needed to decide on an interpretation of its rules and the process could take at least a month.

EU officials expressed confidence last night that WTO members would rally to their support. They said several governments were expected to call on the chairman of the disputes settlement body on Monday to delay the US sanctions request.

However, trade lawyers doubted whether the chairman could do so without violating WTO rules and depriving the US of its rights.

The conflict arises from ambiguity in the WTO rules. Although they allow retaliation against members that do not comply with a disputes ruling, they are unclear about how this should be carried out.

Japan forecasts need to issue extra \$1,228bn of bonds

By Gillian Tett in Tokyo

Japan's central government will need to issue around ¥140,000bn (\$1,228bn) worth of additional government bonds during the next five years to maintain spending, even if growth rebounds sharply, the Ministry of Finance will admit today.

The forecast value of net new bonds issued, based on the ministry's own medium-term projections, would take the value of outstanding central government bonds to about ¥480,000bn in 2003, or about 80 per cent of 1999 gross domestic product. This would represent one of the highest central government debt burdens in the industrialised world, and mark a sharp rise from the ¥273,000bn worth of outstanding central government bonds recorded in March last year.

The ministry yesterday said details of these projections were still being finalised with politicians. But the projected deterioration in government finances is already alarming the ministry, particularly as

long-term interest rates have recently risen sharply.

Some senior bureaucrats are now warning that the government must cut its spending in the coming years - in contrast to some LDP politicians, who are calling privately for additional spending measures to be considered this year, if growth does not resume.

Analysts yesterday warned that even these grim forecasts from the Ministry of Finance appeared excessively optimistic, given the weakness of tax revenues and the government's reluctance to implement real spending cuts. Kunji Okue, analyst at Dresner Kleinwort Benson, yesterday said: "These ministry figures are definitely an underestimate."

The ministry's projections, for example, were drawn up assuming an average of 1.75 per cent annual GDP growth each year, in line with the government's official stance that the economy will rebound this year, stimulated by recent spending measures.

Masaru Hayami, Bank of Japan governor, yesterday insisted that the recession should bottom out soon. However, most private-sector economists expect little growth this year. Robert Feldman, economist at Morgan Stanley Dean Witter, said: "If you assume an average of zero growth each year, then you end up with [a central government bond] ratio of 90 per cent [compared with 1999 GDP]."

The ministry is considering the issue of up to ¥50,000bn government-backed bonds to fund its bank reform package. This would be in addition to the ¥50,000bn of outstanding government-guaranteed bonds that already exists. "We consider these off balance sheet, so they just appear in a footnote," one official said.

The level of outstanding local government bonds is also projected to rise to ¥135,000bn by March 2000, according to current budget plans. But most officials expect this is also an underestimate.

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Romanian riot police yesterday fired tear gas at striking coal miners attempting to march on the capital, Bucharest. At least 66 people including 15 policemen were injured in the clash. Report, Page 2

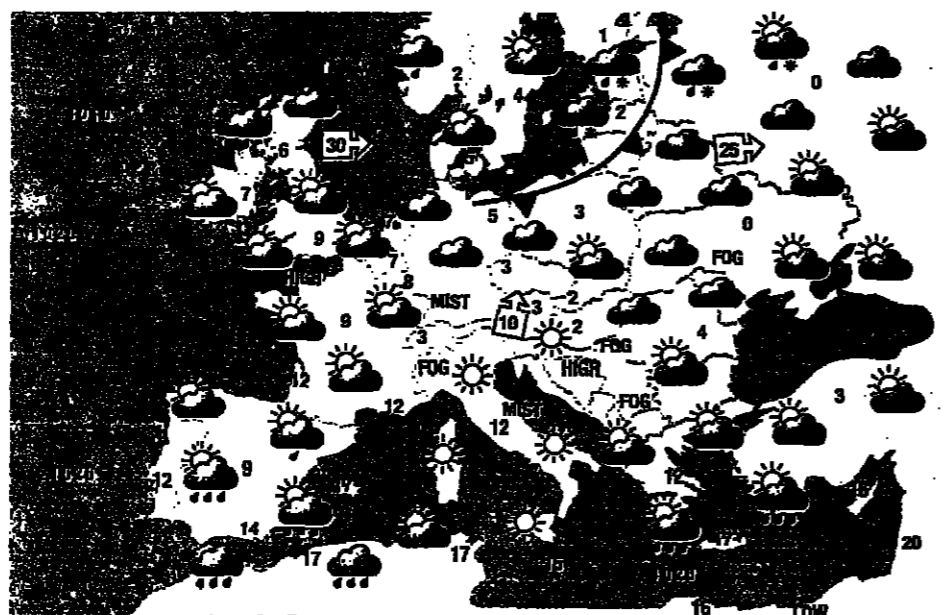
FT WEATHER GUIDE

Europe today

Greece and Cyprus will have heavy showers. North-west Spain and Portugal will have showers. The central Mediterranean will be sunny. High pressure will keep much of eastern, central and north-west Europe dry, with overnight fog and frost slowly lifting to leave sunshine in most places. Germany and Poland will be cloudy with showers. There will be sleet and snow in north-east Europe. The southern half of Scandinavia will be mild.

Five-day forecast

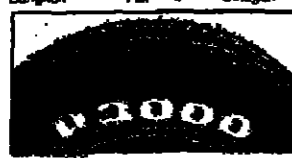
A large area of high pressure across much of central, southern and eastern Europe will bring fine conditions, but overnight fog and frost will be slow to clear from some places. Northern Europe will be changeable with some rain, and snow is likely in the north-east.



TODAY'S TEMPERATURES

Abu Dhabi	Sun	23
Accra	Fair	33
Algiers	Fair	17
Amsterdam	Fair	7
Athens	Shower	12
Atlanta	Rain	21
B. Arco	Fair	29
B. Ham	Fog	4
Bangkok	Fair	34

Caro	Sun	21
Cardiff	Sun	30
Casablanca	Rain	13
Chicago	Fair	5
Cologne	Fair	9
Dakar	Sun	23
Dallas	Fair	16
Dah	Fair	18
Dubai	Sun	24
Dublin	Shower	7
Durban	Sun	6
Edinburgh	Shower	6
Fair	Fair	14
Frankfurt	Cloudy	7
Geneva	Fair	7
Manchester	Fair	7
Madrid	Cloudy	8
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Nice	Sun	12
Nicosia	Shower	18
Osaka	Fair	5
Paris	Fair	5
Perth	Sun	29
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Singapore	Thunder	30
Stockholm	Fair	4
Strasbourg	Cloudy	10
Sydney	Rain	23
Taipei	Shower	14
Tel Aviv	Fair	20
Toronto	Shower	10
Tokyo	Shower	10
Vancouver	Rain	6
Venice	Sun	7
Warsaw	Cloudy	3
Washington	Rain	16
Wellington	Fair	17
Wilmington	Snow	-8
Zurich	Cloudy	4



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\$200,000,000
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INSIDE

Novartis falls as growth rate slips
Novartis shares fell after it reported sales in its core pharmaceutical business grew by 6 per cent in 1998 - nearly half the rate in its first year of operation. Profits have been growing on the back of cost-savings, but there has been concern that this has led to a loss of sales momentum in its pharmaceuticals arm. Page 27

Oil groups struggle after price cuts
US drilling activity has fallen by 45 per cent in a year. Oil prices are hovering at their lowest levels in more than a decade, and each time they slip, another project is in danger of collapse. Equipment is mothballed, jobs are cut, and more consolidation takes place. Page 26

Sega set to raise \$702m from issue
Sega, the troubled Japanese computer games group, has set out to raise \$702m in a convertible bond issue - the biggest yet from a Japanese company. Capital Markets, Page 32

IPE, Nymex meet for merger talks
The International Petroleum Exchange board meets with the New York Mercantile Exchange next week to negotiate plans that would see the world's two benchmark crude oil futures contracts at one exchange. Commodities, Page 34

China B shares in terminal decline
China's B share markets are in decline. Their combined capitalisation is just \$2.2bn, less than the assets held in China by some of the biggest foreign banks, while the Chinese stock market for local-currency A shares has swollen to \$234bn. Emerging Market Focus, Page 44

Daido looks to acquire LTGB arm
Daido Mutual, a second-tier Japanese life insurer, is hoping to purchase the investment trust arm of the Long-Term Credit Bank of Japan. It would be the first sale of an LTGB operation since it was placed under state control last autumn and would boost attempts by the government of Keizo Obuchi (pictured) to wrap up the affairs of the group, which was nationalised as part of the drive to reform the banking sector. Page 29

Low demand hits Asian steel makers
Asia's steel makers are in crisis as their two biggest customers, the construction and automotive industries, have been hit by recession, contributing to a 9.3 per cent year-on-year plunge in world steel production in November - one of the biggest drops on record. Page 28

CME chief announces resignation
Rick Kilcollin, president and chief executive of the Chicago Mercantile Exchange, one of the two big US futures exchanges, is to step down in two months. Capital Markets, Page 32

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Ford predicts tough year ahead

By Nikki Tate in Chicago

Ford Motor Company, the second largest US car and truck maker, yesterday forecast only a slight weakening in the strong North American auto market this year - but said it expected more losses in its South American operations in the wake of the Brazilian crisis.

"We see 1999 as tougher than 1998," said John Devine, finance director, as the company announced 1998 fourth-quarter earnings per share of \$1.35, comfortably above analysts' estimates of about \$1.27.

Ford said it expected the North American automotive

Carmaker's fourth-quarter earnings ahead of estimates

market in 1999 to be "down a bit" from 1998's strong levels. But, like its competitors, the company is still forecasting that industry production will top a healthy 15m units.

Mr Devine said he expected pricing in North America to be at best flat and "maybe down a bit" in 1999, and predicted that marketing costs, which increased in the fourth quarter, would remain at similar levels for the immediate future. "It's going to continue to be very competitive," he said.

Ford reported profits of \$1.04bn in the fourth quarter,

or \$1.67bn excluding one-time charges. This took full-year earnings to \$5.94bn after charges, and \$5.7bn before charges. It had already warned of the charges that cover asset writedowns and some severance costs.

Automotive operations posted a gain of \$494m at \$5.35bn (before charges) for the year, with help from cost savings of \$2.2m.

In North America, there was an underlying rise of about 3 per cent to \$4.97m, with the return on sales rising to 5.8 per cent, helped partly by a more favourable product mix. In

Europe, there was a full-year profit (before charges) of \$30m, up \$13m, but fourth-quarter earnings slipped from \$65m a year ago to \$63m.

In South America, Ford notched up an underlying loss of \$145m, \$185m less than in the previous 12 months. "For 1999, we have established a milestone of improving our operating results... but we are not expecting to be profitable there," it said.

Mr Devine said Ford did not expect any additional charges related to South American interests, but added that it was "watching the situation very

carefully". "I don't think we've found bottom in Brazil, as an industry," he said.

Ford hoped to get its main Brazilian plant back into production by February, he went on. The company has faced a sit-in by workers in the wake of its decision to lay off 2,800 employees, and has shut down the factory temporarily.

Meanwhile, Mr Devine ducked questions on whether Ford might be seeking to acquire Volvo's car division, saying he did not wish to "add to the speculation". He did concede that the company's \$24bn cash pile was a "key asset", although he said it was also "a strategic asset and one we have to employ carefully".

Paris to support Renault link with Nissan

By David Owen in Paris and Alexandra Harney in Tokyo

Lionel Jospin, the French prime minister, yesterday threw his weight behind a possible tie-up between Renault and Nissan Motor, Japan's second biggest carmaker.

He signalled that the French political establishment would back an agreement between the partly state-owned French carmaker and a Japanese company "if an agreement... can help the development of Renault in Asia".

Renault this week acknowledged it was talking to a number of potential Asian partners, including Nissan, and was not ruling out an equity stake. It is understood to have been in talks with the Japanese carmaker since last year.

French government officials are upbeat about the prospects of a deal, with some suggesting the process is too far advanced to come to nothing. But they rule out any prospect of Nissan taking an equity stake in the 44 per cent state-owned company.

Mr Jospin's comments came on the eve of an expected meeting in Tokyo between Yoshiyuki Hanawa, Nissan's president, and Jürgen Schrempp and Robert Eaton, co-chairman of DaimlerChrysler, the German-US company.

They are expected to make an announcement on the progress of talks over Nissan Diesel, the carmaker's troubled 39.6 per cent-owned engine and truck affiliate, and possibly on Nissan itself.

Rumours of a tie-up between heavily-indebted Nissan and DaimlerChrysler, Renault or Ford of the US - in what would be the latest example of global car industry consolidation - started this month.

Nihon Keizai Shimbun, the Japanese newspaper, reported that Renault had offered to buy a 20 per cent stake in a deal that would be worth about ¥206.5bn (\$1.8bn) at yesterday's share price of ¥415.

Mr Hanawa recently said he would allow a foreign group to buy a stake of 33.4 per cent or more in Nissan.

A deal would be timely for the once-struggling Renault, which has staged a financial recovery under Louis Schweitzer, chairman, on the back of successful models such as the Megane Scénic.

It has embarked on rapid international expansion in line with a plan to boost output to 4m vehicles by 2010.

Carlos Ghosn, another Renault executive, recently indicated the group wanted to hit the proportion of sales outside western Europe to 50 per cent by 2010 from 20 per cent.

Although several Japanese carmakers have sales and marketing or technological tie-ups with European counterparts, a deal with Renault would probably be the largest between two independent European and Japanese car groups.

Among the main issues in any alliance would be Nissan's enormous debt. It had ¥4,300bn in interest-bearing liabilities as of March 1998, including debt from retail financing operations. It expects after-tax losses of ¥90bn in the year to this March, which would be the sixth year out of seven in which it has recorded a loss.

A year for reflection for the Berkshire Hathaway faithful

By Richard Waters in New York

When shareholders in Berkshire Hathaway converge on Omaha this year, the celebrations are likely to fall a little flat.

The folksy wisdom of Warren Buffett, Berkshire's chairman, will flow, and long-term shareholders will smile over the huge profits the "world's most famous investor" has made them over the years.

But nothing will disguise the fact that the many small investors who climbed on to the Buffett handwagon nearly three years ago have not had the ride they hoped for.

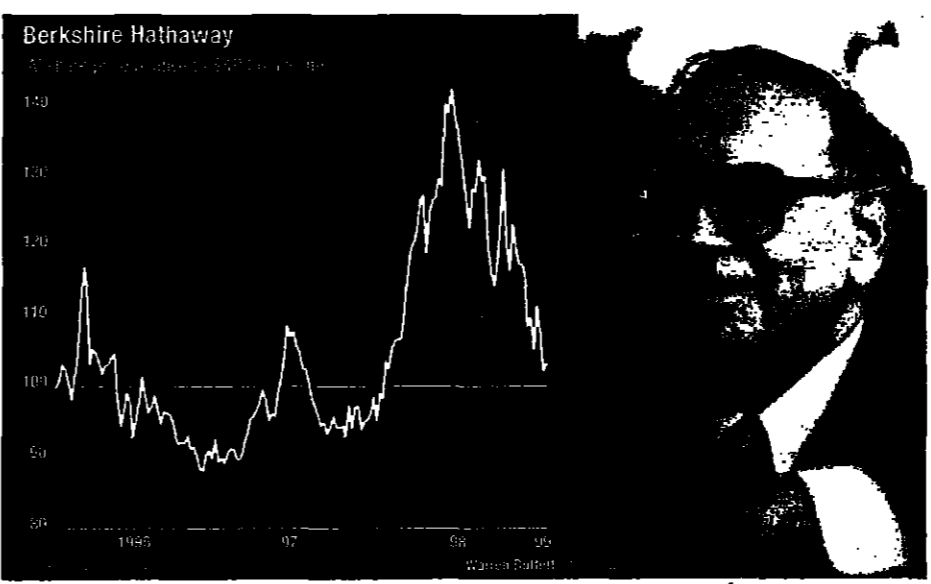
In addition, had it not been for a giant acquisition completed late in December, Berkshire Hathaway's performance last year would probably have been behind the Standard & Poor's 500 index - for the first time since 1980.

For the shareholders who make the trip to Omaha this will be a reminder that even Mr Buffett's genius has its limitations. Yet the Berkshire Hathaway stock price, despite its underperformance, still conveys the confidence in Mr Buffett's ability to hit home runs in the stock market.

"Investors are paying a big premium for Warren Buffett," says Peter Ascan, an analyst at Value Line.

Some 40,000 small investors - unable to afford the price of Berkshire's existing shares - at around \$83,400 - jumped at the chance when the company issued a new class of "B" shares in May 1995.

Yet they would have done



well to listen to Mr Buffett's own cautions about the high level the shares had reached. A \$1,000 investment in the B stock would now be worth around \$1,750. Had it been invested in the S & P 500, it would be \$1,900.

At their peak last summer, Berkshire's shares were worth more than three times the company's underlying book value, against around 2.2 times when the B shares were issued. In effect, investors were placing an extraordinarily high premium on 88-year-old Mr Buffett's ability to keep making market-beating investment decisions.

For much of last year, things do not seem to have worked out that way. Berkshire Hathaway's 1998 results have not

been published. But in the first nine months of the year, the signs were not encouraging. The company's book value per share had fallen 2.6 per cent, while the S & P was up around 5 per cent.

Big investments in such companies as Coca-Cola and Gillette, whose growth has underpinned Berkshire's own performance over the years, trailed the market last year.

And things are not likely to have improved much in the final quarter. The four investments that together represented more than 70 per cent of Berkshire's portfolio gained 21 per cent, roughly in line with the rise in the S & P 500.

The late-December acquisition of General Re is likely to be the only thing that saved

Mr Buffett from reporting his first year of under-performance in nearly two decades. Using stock valued at more than three times book value, Berkshire last June agreed to buy the reinsurance company at a multiple of little more than 2.2 times General Re's own book value - a manoeuvre that lifts Berkshire's book value per share, while providing Mr Buffett with a new pot of investments to manage.

For the faithful in Omaha, this piece of financial engineering should save what would have been a forgettable year. But they may wonder whether Mr Buffett's fortunes are tied more to his success as a wheeler and dealer on Wall Street than a long-term value investor on Main Street.

LVMH to buy Krug champagne for \$177m

By Robert Graham in Paris

LVMH, the French luxury goods leader, is to buy Krug from Rémy-Cointreau, the wines and spirits group, for FF171bn (\$177m).

The price is the highest ever paid for a champagne house and the fifth change of ownership in the champagne business in the last 12 months. Owners have been cashing in on a rash of orders in the run-up to the year 2000 celebrations, when demand for champagne is set to outstrip supply.

Krug was founded in 1843 and has kept its distinctive squat bottle and V-shaped label, which have become hallmarks of the finest champagne.

LVMH is already the champagne leader, owing - through Moët & Chandon - Dom Pérignon, which has total group annual sales worth FF87.45bn.

"This investment completes the strategic portfolio of LVMH in the champagne sector with a *cuvée*... of exceptional quality," LVMH said yesterday. Krug will be marketed through LVMH's Veuve Clicquot brand distribution network.

Krug has 19 hectares of vineyards and annual sales of FF118m. Analysts said LVMH was believed to be paying 20 times profits and is getting Krug free of debt in a business where many houses are heavily indebted. The price also reflects the fact that Krug holds stocks for seven years - exceptionally long for a champagne house.

Champagne producers are seeking to raise production from the 370m bottles of 1997 to at least 300m, ahead of 2000. But this is still expected to leave a gap in the demand for French champagne. The champagne industry has put in place measures to try to ensure that demand in 2000 does not produce an excessive fluctuation in prices, including holding down the price of grapes.

Another element affecting the current wave of property changes, including a possible Seagram sell-off of Mumm and Perrier Joutet, is that after 2004 the region covered by the champagne denomination will not be extended.

Gazprom set to fund pipeline via offshore group

By Arkady Ostrovsky

Gazprom, the natural gas producer and Russia's largest company, is to set up a special offshore company to secure foreign credits for its key \$2bn pipeline project in an innovative attempt to raise money in the wake of the Russian financial crisis.

Alexander Semeniaka, Gazprom's finance director, said the project-finance company would be set up with a strategic partner to secure funding against the collateral of Gazprom's foreign exchange earnings from exports.

Gazprom, owed Rb182bn (\$6.75bn) in payment arrears from domestic gas users, has also suffered an erosion of profits from the devaluation of the rouble. But it urgently needs to raise money to go ahead with the Blue Stream, its key project, which envisages building a 396 km pipeline across the Black Sea to Turkey and which is due to be completed next year.

The dramatic downgrading of Russia's sovereign credit rating in effect severed Gazprom's access to the international capital markets. An offshore company that would be set up with a highly rated foreign partner would allow Gazprom to win a higher credit rating and borrow money at a better rate.

"This system allows Gazprom to create a structure that *de facto* has a credit rating higher than that of a sovereign and allows it to attract financing for particular projects," Mr Semeniaka said. He added that

Gazprom would soon announce its partner's name. Stephen O'Sullivan, an analyst at the Moscow-based United Financial Group, believes it could be Eni of Italy.

Sergei Dubinin, Gazprom's vice-chairman and the former head of the central bank, said Gazprom was also in talks with the Russian government to launch rouble-denominated debt and possibly equity instruments designed to attract foreign holders of GKO, which are defaulted Russian government bonds.

Under Russia's proposal to restructure its domestic bonds, foreigners who originally invested \$15bn in GKOs were allowed to convert some of their holdings into new Russian securities.

Allowing foreign investors to buy the Gazprom bond - instead of worthless Russian sovereign paper - is likely to be welcomed by foreign banks, which had previously described the conditions of debt restructuring as "confiscatory". Moscow is still locked in restructuring talks with foreign investors.

Mr Semeniaka also said Gazprom was still hoping to tap international capital markets later this year by issuing corporate bonds fully secured by its export sales. A plan to have a bond issue was conceived shortly before the crisis.

Mr Dubinin and Mr Semeniaka also confirmed plans to sell an extra 1.5 per cent of Gazprom shares to Ruhrgas, the German gas group, which last month paid \$60m for a 2.6 per cent stake in Gazprom.

This announcement appears as a matter of record only

December 1998

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Paribas

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COMPANIES & FINANCE: THE AMERICAS

COMMUNICATIONS EQUIPMENT MARKET SHARE RISES ON GROWING CONSUMER DEMAND

Lucent posts strong advance in first term

By Louise Kohoe in San Francisco

Lucent Technologies, the US communications equipment manufacturer, reported a strong gain in first-quarter earnings despite lower than expected revenue growth.

Worldwide revenues from equipment and services supplied to network operators were \$6.1bn, up 3 per cent.

Business communications systems rose 2 per cent to almost \$2bn and semiconductor revenues increased 6 per cent to \$821m.

Law in accounting terms. These would be recognised as revenues in the first quarter, said Richard McGinn, chairman and chief executive.

For the year, Mr McGinn predicted revenue growth of 19-20 per cent and earnings per share growth of about 35 per cent, excluding special items.

These estimates excluded anticipated growth based on the planned acquisition of Ascend Communications, the data networking equipment company, which Lucent announced earlier this month.

Collapse in price leaves oil services in deep trouble

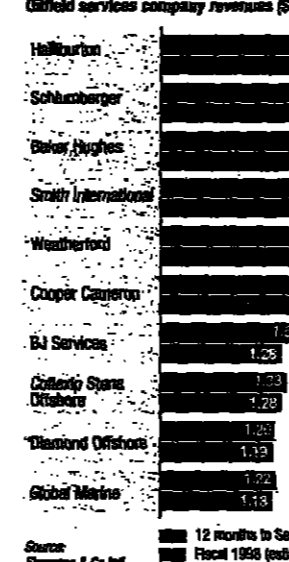
Hillary Durgin examines how the US industry is trying to cope

Denny Smith has been watching unused oil rigs being mothballed at drilling sites from the oil fields of West Texas and the Rocky Mountains to the historic wells of the north east.

Mobil getting together, but for an industry that has prided itself on being populated by many small and feisty companies, the spate of mergers and acquisitions is almost an admission of defeat.

Looking at consolidation, says Paul Chambers, oilfield services analyst with Lehman Brothers in Houston. "There are 155 publicly traded oilfield services companies around the world - that's way too many."

Drilling into the cost base



Every time oil prices slip a few cents, another project is in danger of collapse and more equipment is mothballed. If times are tough for the world's oil giants, then they are even tougher for the dozens of smaller companies that provide oil-field services and equipment.

In a little more than a year, US drilling activity has fallen by 45 per cent, hardly surprising when oil prices have been hovering at their lowest levels in more than a decade and showing little sign of strong recovery.

It is also a very good time for lawyers. Oil companies have demanded that contracts for services be renegotiated given that projects profitable at about \$15 per barrel are not viable with the price hovering at \$12.

since 1986, according to a survey by Salomon Smith Barney. But Salomon analysts forecast that the drop in the price of oil to below \$14.50 could curtail spending by as much as 20 to 25 per cent.

For its part, Nabors is looking for more acquisitions to increase its size, cut costs, and expand its array of drilling and other services.

For example, on Monday, Global Marine, the offshore driller, said it was looking to increase its size and scope, and, on Tuesday, Core Laboratories, a seismic services company, said it was to buy GeoScience, a seismic equipment maker, for about \$167m.

Improved margins cushion Exxon fall

By Hillary Durgin in Houston

Exxon yesterday reported a 30 per cent decline in earnings per share to 62 cents for the fourth quarter after excluding special items.

Most leading oil companies plan to report their quarterly results next week. Exxon also stands out because unlike many of its peers including Atlantic Richfield, Conoco, Phillips Petroleum and Texaco, it has not taken special charges for writing down the value of its oil and gas holdings and inventories or for laying off workers.

Income from downstream operations improved however, as stronger marketing margins in most geographic areas and improved European refining margins were offset by weaker refining margins in Asia-Pacific and the US.

The data and wireless revolutions that have injected a new spurt of growth into the US telecommunications sector helped SBC Communications, the Texas-based Baby Bell, to beat Wall Street's earnings expectations.

Along with Ameritech, the Midwest local carrier it has agreed to buy, the company yesterday reported earnings that reflected another quarter of robust demand for new services.

For SBC, that included a 27 per cent increase in revenues from data services: for the year as a whole, data revenues climbed by nearly a third, and accounted for \$2.3bn of its \$26.7bn.

Monsanto slides into the red

By Nikki Tait in Chicago

Restructuring and write-down charges sent Monsanto, the acquisitive US agriproducts, biotechnology and pharmaceuticals group, into the red in the fourth quarter of 1998.

A tussle looked set to break out yesterday for control of America West, a regional US airline whose extensive network in western states could make it an appealing match for several of the country's largest carriers.

The interest in America West reflects a desperate hunt by the biggest US carriers for ways to boost their performance ahead of the next downturn. While the industry's profits remain high, share prices have taken a tumble as the stock market has prepared for cuts in business and leisure travelling.

For the year Exxon reported net income of \$6.4bn, or \$2.64 share, excluding a charge, down 21 per cent from 1997 after excluding special gains. Sales declined 14 per cent to \$117.5bn.

The widespread interest in America West is likely to bring a number of national carriers to the door of David Bomberman, an airline investor whose investment firm owns the special Class A shares, that control, half of the votes.

Chicago-based Ameritech also saw a new burst of growth from data services: last year reached \$1.7bn and accounted for a third of Ameritech's growth for the year, said Dick Notebaert, chief executive. The company's wireless customers increased by 13 per cent to 3.6m.

Weak demand hits US airlines

By Tracy Corrigan in New York

US airlines have run into some heavy weather, after a year of strong and in many cases record earnings.

Furthermore, discount pricing by low-cost airlines such as Southwest has forced others to keep prices down.

Japan, the US market also experienced a slight drop in demand for travel.

Continental reported fourth-quarter net income of \$66m, down from \$73m. However, earnings per share of 91 cents were above estimates of 77 cents, according to First Call.

Southwest, the Dallas, Texas-based low-cost airline, bucked the trend, reporting fourth-quarter net income of \$100.4m, up from \$90.6m the previous year.

Investment in the network, Sprint PCS, pushed its losses before interest, taxes, depreciation and amortisation to \$430m-\$450m in the final quarter, against \$350m in the previous three months.

Greenbergs bestride US insurance

By John Authers in New York

Marsh & McLennan, the world's largest insurance broker, yesterday announced that it had chosen Jeffrey Greenberg as its chief executive. He will succeed AJC Smith, who plans to retire from the company next year.

Jeffrey had been seen as a likely successor to his father at AIG, where he worked for 13 years, but he moved to Marsh & McLennan four years ago. At the time, his father said he was "personally saddened by Jeff's decision, but I respect his wishes."

Marsh & McLennan, both from great leaders in both places.

Mr Smith, who will step down as chief executive this year, said he expected a "seamless" transition. He described his successor as "eminently qualified" after an "extraordinary career".

Mr Greenberg has spent three years working in Marsh & McLennan's investment arm, which structures and manages private equity insurance investments. He takes over as president immediately.

Jeffrey Greenberg said yesterday: "I've learned through my whole career at AIG and

NEWS DIGEST

US BANKING

Russian turmoil pushes Bankers Trust into red

Bankers Trust, the US bank being acquired by Deutsche Bank, yesterday reported a loss in 1998 of \$6m. Net income of \$96m in the fourth quarter was down from \$207m a year ago.

ALUMINIUM

Alcan to sell Irish plant

Alcan, the Canadian aluminium producer, yesterday agreed to sell its Aughinish alumina refinery in Ireland to Glencore, the Switzerland-based international trading group specialising in raw materials. The price was not disclosed but Alcan took a US\$120m after-tax fourth-quarter write-down in anticipation of the sale.

RETAILING

Sears Roebuck flat

Weak sales of clothing and soft goods prompted Sears Roebuck, the second largest retailer in the US, to report a fall in fourth-quarter sales and flat profits. Revenues were \$12.2bn, down from \$13.1bn. Arthur Martinez, chairman, said slow soft goods sales had offset fairly strong trends in home appliances and electronics, and that the quarterly clothing results had been "disappointing".

ENGINEERING

Utd Tech beats forecasts

Fourth-quarter earnings at United Technologies, maker of Pratt & Whitney aircraft engines, Otis elevators and Sikorsky helicopters, beat forecasts with an 18 per cent rise to \$287m after \$244m last time. Earnings per share were of about \$1.11, and George David, chief executive, said he expected a further 15 per cent growth in the current year rise, marked the fifth consecutive year of growth of 20 per cent since the company took restructuring charges of \$330m. The company, which is considering the sale of its auto-Sachs to explore alternatives, said quarterly profits at the Christopher Parkes, Los Angeles

Wartis sh... as sale... with hal...

stock rises... holdin...

shares tumble

cut stakes in b...

COMPANIES & FINANCE: EUROPE

PHARMACEUTICALS MOMENTUM LOST

Novartis shares slip as sales growth halves

By William Hall in Zurich

Novartis shares fell sharply yesterday after it reported sales in its core pharmaceuticals business grew by 6 per cent in 1998, or nearly half the rate of growth in its first year of operation following its creation from the 1996 merger of Ciba and Sandoz. Novartis's profits have been growing strongly on the back of the cost-savings from the merger and it expects a "marked improvement" in 1998 net income. In 1997 it increased net income by 43 per cent, to SFr6.2bn, and most analysts expect it to earn about SFr6bn (\$4.2bn) in 1998. But there has been concern that its success in cutting costs and boosting margins has led to a loss of sales momentum in its pharmaceuticals business, which prides itself on having one of the best drug pipelines in the industry. In the first half of 1998 pharmaceutical sales in local currency terms grew 3 per cent, compared with a 10 per cent growth in the first half of 1997. However, a 14 per cent jump in Novartis's pharmaceutical sales in the third quarter of 1998 was heralded as evidence that pharma

sales growth was picking up momentum as new drugs were rolled out. So analysts were disappointed by the news that pharma sales growth had slowed to 3 per cent in the final quarter of 1998.

Raymond Breu, Novartis chief financial officer, said that too much weight should not be attached to one quarter's figures and the underlying growth rate in the second half was 9 per cent.

He said that there had been a slight slowdown in the US and Brazil but he did not see any signs of a large downturn in Europe, Novartis's most important market. Sales of Sandimmun/Neoral, Novartis's biggest drug, grew 5 per cent to SFr1.8bn. Other growth drivers were Aredia, a cancer drug, which grew 61 per cent, and Cibacen, a hypertension drug, which grew 27 per cent. Diovan and Co-Diovan, a new class of hypertensives, posted sales of SFr409m.

Healthcare sales grew 7 per cent to SFr17.5bn, agribusiness sales rose 4 per cent to SFr6.4bn in 1998, and consumer health sales rose 3 per cent, to SFr5.3bn. Novartis shares fell SFr164 to end at SFr2,715 yesterday.

Lego builds on its values despite the high-tech toys

Danish group predicts 1998 losses but its 'play and learn' approach may yet win through, writes Clare MacCarthy

Running the world's fifth largest toymaker may be a lot of fun, but executives at Lego have discovered it is far from child's play. After 15 consecutive years of stronger revenues and higher profits, Denmark's Lego Group saw earnings plunge in 1997.

Now, for 1998, Kjeld Kirk Kristiansen, president, chief executive and main shareholder of the unlisted company, said yesterday that he expected its bottom line to be as much as DKr300m (\$47m) in the red.

Although families in the industrialised world have greater spending power and bigger appetites for new toys than ever before, the Danish company has been forced to plan redundancy for up to 10 per cent of its workforce.

Part of the problem for the world's toy industry is that new generations of children are no longer content with the train sets or dolls their parents played with. The cyber-kids want Santa Claus to bring them the newest, sharpest, high-tech playthings available on the market.

Critics of Lego say the Danish toymaker has relied

too much and for too long on its original core product - the interlocking building block - and has not been quick enough to produce high-tech products for the new generation.

Jill Krutick, an equity analyst at Salomon Smith Barney in New York, explains that children are outgrowing traditional toys at a lower age as the internet takes hold, and more and more technology-based products come on the market.

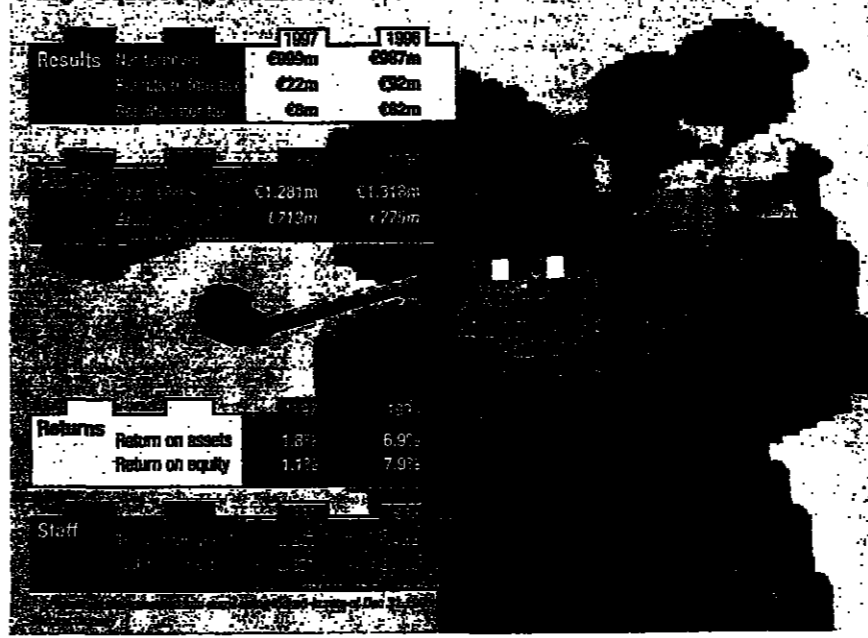
This is no playground. Toys are big business, and the total market is worth an estimated \$50bn.

Lego is not the only large player feeling the pinch in this increasingly competitive environment.

Ms Krutick, one of very few equity analysts specialising in toys, says the two driving forces in the business, the US toy manufacturers Mattel and Hasbro, are facing rough patches of their own.

Mattel, whose most famous product is the Barbie doll, "has a lack of hip products", Ms Krutick says. And though Hasbro boasts an extensive and developing product range, analysts

Lego: square pegs, round holes



question whether its Tonka toy truck and Scrabble and Monopoly board games will continue tempting children to spend their pocket money.

Lego, however, blames its present predicament not on

changing fashion but on its own inability to streamline its corporate structure swiftly enough.

Mr Kristiansen said Lego was not falling behind in the high-tech toy game. He said that its new Mindstorms

product range, for example - which combines robotics with the Lego building system - had been well received and had "tremendous potential".

But perhaps of greater value to the company in the

longer term is Lego's perception of itself and its market. "We don't view our products as just toys," Mr Kristiansen said.

The famous little building block with which Mr Kristiansen's grandfather started constructing his empire in 1954 was designed to stimulate children's creativity.

This philosophy - combining children's desire to play with their need to learn - remains fundamental to Lego's strategy, and only toys which meet both criteria ever make it to the production line.

According to Mr Kristiansen, it is Lego's sense of values that makes it such a strong brand name and "our growth strategy is to use these values".

Despite the group's current need to trim the sails, its educational approach could keep Lego on the wish-lists to Santa for a long time.

In a world with increasingly affluent and educationally aware parents, Lego's "play and learn" philosophy may yet give it the competitive edge needed to stay in the game.

NEWS DIGEST

TV AND CINEMA

Pathé stock rises as TF1 acquires 9% holding

Shares in Pathé, the French television and cinema group, rose sharply yesterday after the announcement that TF1, France's biggest TV company, had acquired an 8.99 per cent stake.

The move, which could spark a battle for control of Pathé, drove its shares 15.5 per cent higher to €300.3, after trading was suspended twice on the Paris stock market for excessive volatility. Shares in Gaumont, the other main French cinema group, closed 7.3 per cent higher at €58.

The transaction is set to revive tensions between Jérôme Seydoux, the chairman whose family owns 29 per cent of Pathé, and his second largest shareholder, Vincent Bolloré, the Breton financier.

Last month, Mr Bolloré took Mr Seydoux by surprise when he acquired almost 20 per cent of Pathé for roughly FF2bn (€305m, \$353m). The purchase followed the sale by Mr Bolloré of his 12.6 per cent stake in Bouygues, TF1's controlling shareholder, after a lengthy dispute over strategy with the Bouygues family.

Mr Bolloré has said his investment in Pathé was "financial". With a market capitalisation of less than FF10bn before the deal, Pathé, whose 17 per cent stake in Rupert Murdoch's BSkyB satellite TV was valued at more than FF12bn, is considered undervalued. However, Mr Bolloré did not rule out adopting a more aggressive strategy should Pathé's shareholding structure change. Samer Iskandar, Paris

FOODS

Nestlé shares tumble

Shares in Nestlé, the world's largest foods group, fell sharply yesterday following a mysterious slump in sales in the final two months of 1998 and evidence that the group was unlikely to achieve its 4 per cent annual sales growth target in 1999.

Mario Corti, Nestlé finance director, told analysts yesterday that the company was sticking to its long-term target of 4 per cent underlying sales growth, but it was more interested in boosting margins than volume in the short term.

Nestlé's disclosure that its sales grew only 3.3 per cent in 1998 comes less than two months after Peter Brabeck, its new chief executive, said he was "confident" that it would achieve its 4 per cent growth target in 1998. Nestlé's shares enjoyed a substantial re-rating last year on the belief that Mr Brabeck, a marketing man, could reverse Nestlé's recent lacklustre sales growth.

It was the company's only published target and analysts are puzzled by the loss of sales momentum in the final two months. Mr Corti said Russian sales were SFr300m (\$216m) below budget, blackmail attempts in Germany and Italy cost SFr100m in lost sales, and the Asian financial crisis cost another SFr100m. However, this is not enough to explain the scale of the undershooting and it has dented investor confidence in the adequacy of Nestlé's internal sales forecasting.

James Amoroso of Julius Baer said it showed that Nestlé was not the "recession-resistant" machine that previous sales data had indicated. He expected its 1998 earnings per share to fall 6 per cent to SFr95.4. Nestlé shares fell SFr107, or 4.6 per cent, to SFr2,550. William Hall, Zurich

NORWAY

Oslo to cut stakes in banks

The Norwegian government has revived its planned offering of about Nkr6bn (\$808m) worth of its shares in the country's two largest banks, Den norske Bank (DnB) and Christiania Bank.

Oslo delayed the sale last year citing poor market conditions. But it now plans to reduce its more than 50 per cent stake in each bank to one-third this year, said Jan Hopland, managing director of the government bank investment fund, the body responsible for co-ordinating the sale. It yesterday appointed Salomon Smith Barney as global adviser for the sale.

The fund has since decided to push forward its reduction in DnB shares to this year, in parallel with a reduction in its Christiania Bank shares from 51 per cent to one third, because of improved market conditions. Valerie Sköld, Oslo

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COMPANIES & FINANCE: INTERNATIONAL

Repsol eyes front-runners with YPF buy

By David White in Madrid

Repsol, the Spanish oil company, has shifted up a gear by becoming the main shareholder and prospective future owner of Argentina's YPF, Latin America's biggest private-sector oil and gas concern. It is, say industry experts, a calculated but bold move in the circumstances.

Its aim is to bring Repsol, itself fully privatised less than two years ago, out of the also-ran class of international oil companies - still well behind Exxon-Mobil, Royal Dutch Shell and BP Amoco, but in the same bracket by market capitalisation as Total, PetroFina, Texaco or Elf Aquitaine.

By clinching a stake of almost 15 per cent offered by the Argentine government on Wednesday, for \$2.01bn, it took the first step towards integrating the two companies through a possible full takeover. Full ownership on the same basis would be worth \$13.4bn.

The initial stake is already the biggest single investment Repsol has ever made. It was able to get it at the \$38-a-share starting price because all five of the other companies which showed interest - BP Amoco, Italy's ENI, Enron, and Consolidated Natural Gas of the US - were rejected. The company group - decided not to bid. The price, 30 per cent over YPF's traded level at the start of the week, was already considered high, given the recent state of financial and oil markets.

In a country where selling a former state-run monopoly to foreign interests raises sensitive political issues, and at a time when oil prices have been in the doldrums and financial panics contagious enough to make most companies think twice before investing in Latin America, this was not something for the faint-hearted.

The "substantial increase" in Latin American exposure

Top 10 oil companies

Company	Market capitalisation (\$bn)
Mobil/Exxon	247.61
BP-Amoco	148.35
Royal Dutch/Shell	151.31
Chevron	92.80
Elf	48.21
PetroFina/Total	35.49
Eni	28.67
Enron	27.48
Arco	19.84
Repsol	15.54

Source: FT, Reuters

earned a warning from Moody's, the rating agency, which yesterday put Repsol's long-term debt and preferred stock ratings under review for possible downgrade. But Moody's recognised the move had "commercial logic".

Repsol sees itself becoming a more balanced group with a similar mix of activities to other oil majors. Its reserves and production have been relatively under-sized, with three-quarters of turnover coming from refining and marketing. YPF's upstream strength is seen complementing Repsol's in downstream operations.

The Spanish company expects cost savings in Latin American countries where the two have been competing. YPF, matching its own profile as a gas as well as oil group, offers a quick way of fulfilling its ambitions for building up its international presence, with emphasis on Latin America.

Since Alfonso Cortina, Repsol chairman, took over in mid-1998, the group has invested \$3bn in the region, building up majority ownership of Astra, Argentina's third largest oil concern, taking control of Peru's main refinery, moving into gas distribution and buying petrol stations.

Repsol's YPF outlay comes in addition to \$3bn it was already planning to invest in the region up to 2002.

ASIA FALLING DEMAND HAS PUT THE REGION'S STEEL INDUSTRY IN A SPIN, AND REVERBERATIONS ARE SPREADING ROUND THE GLOBE
Economic woes beset Asian steelmakers

By our Asia staff

The cranes perched over most of Asia's empty construction sites are static. The automotive factories are, at best, working well below capacity, at worst mothballed.

These industries, the two biggest customers for the region's steel industry, are stricken by recession, contributing to a 9.3 per cent year-on-year plunge in world steel production during November, one of the biggest drops on record.

The result is that Asia's steel makers are reeling, and the reverberations are spreading round the globe. The biggest danger is that the crisis in Asia's steel sector could ignite a damaging trade war. International flows of steel have become increasingly volatile as Asian manufacturers try to offset slack domestic demand to export their way out of trouble.

Bill Clinton, US President, has already warned Japan about dumping. Yesterday Keizo Obuchi, Japan's prime minister, felt obliged to appeal for calm.

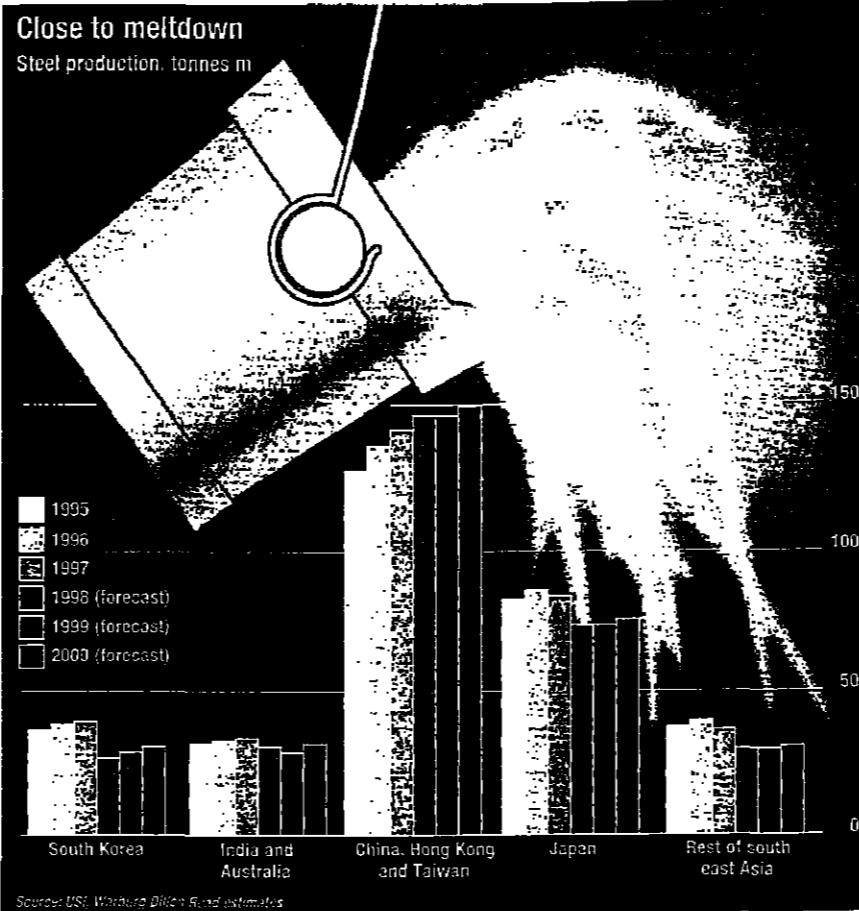
President Clinton's alarm is understandable. In October, US net steel imports jumped 56 per cent year-on-year to 4.1m tonnes, the second highest monthly total ever. South Korean US exports surged 56 per cent, those from Australia 88 per cent, and those from China 242 per cent.

Operating rates at US mills in November and December dropped to 72 per cent at one stage, compared with 96 per cent at the start of the year.

Within Asia, too, there have been huge distortions of trade, exacerbated by the big currency devaluations that rocked the region last year.

China, which did not devalue its currency, suffered a 26 per cent collapse in exports to just 2.98m tonnes during the first 11 months of 1998.

Officials at Capital Iron and Steel Works in Beijing, commonly known as Shougang, explain: "In the past,



Shougang could export 700,000-800,000 tonnes of steel products each year, most of which went to south-east Asia. But our products have become more expensive since the beginning of last year, because of the renminbi. Even if we could sell our products abroad, there would be no profit."

Similarly, Taiwan, whose currency is also pegged to the US dollar, has suffered. In recent years, the island's steelmakers have faced dumping charges in the US, Europe, South Africa, Canada and the Philippines.

But late last year, the island reversed its traditional role in trade disputes and imposed anti-dumping tariffs on steel beams imported from Japan and on products from Poland, Russia, India and South Korea. Most regional manufacturers have reacted to low demand by slashing production.

Akira Chihaya, president of Nippon Steel, the world's largest steel maker and chairman of the Japan Iron and Steel Federation, estimates his country's output dropped to 91m tonnes last year, and says it could be 92m tonnes this year. That compares with 102.8m tonnes in 1997.

Despite the cuts in production, supply continues to outstrip demand and prices have fallen sharply.

China Steel, Taiwan's only integrated manufacturer, has cut prices of standard hot-rolled product from \$210,000 a year ago to just \$198,000 (\$348) a tonne. Favourable customers are offered a price of just \$186,000.

Similarly, stainless steel prices in December were just HK\$1,100 (\$142) a tonne against HK\$1,560 at the start of the year. Production cutbacks in Japan had helped it recover from a year low of HK\$975. But in most cases, prices remain below production costs.

The collapse in volumes and prices has ensured that the regions' steel makers, almost without exception, recorded an abysmal year. Japan's five largest steel manufacturers are expecting losses this year, apart from

Nippon Steel, which revised its earnings upward after selling its semiconductor business to a Taiwanese chipmaker, NKK, the number two steel maker, has warned of ¥88bn (\$775m) losses after absorbing Toa Steel, its failed electric furnace subsidiary, last autumn.

Baosteel, which has historically been the most profitable company in the Chinese steel sector, is expected to announce sharply lower earnings for 1998. Initial company figures show profits down by more than a half last year to about RMB1bn (\$121m) compared with RMB2.2bn in 1997 and sales lower at RMB24.3bn (RMB29.3bn).

In Taiwan, China Steel's pre-tax profits fell from \$220.11bn to \$16.53bn last year, as prices were driven down by a flood of cheap imports and domestic over-supply.

The exception is South Korea's Posco, the world's second largest steel maker which this week announced record full-year profits of Won1,200bn (\$187m), a jump of 54 per cent. Sales also reached record levels, up 14 per cent to Won11,400bn. Warburg Dillon Read expects earnings to decline only marginally this year.

One reason for Posco's record sales and profits was the collapse of the Won. From Won880 to Won1,800 against the dollar at the end of 1997, this boosted the volume of overseas exports as well as the foreign exchange value of those exports.

Posco decided to cut overseas sales by more than 5 per cent this year to avoid a trade conflict with the US, although exports to that country accounted for only 14.2 per cent of Posco's total non-domestic sales last year of 7.5m tonnes.

Manufacturers have also reacted to the profits collapse by attacking costs, giving raw materials suppliers a rough 12 months. The Australian authorities have cut their forecasts for coal and iron ore export values and volumes, and are predicting flat world consumption.

Coking coal prices for 1999

delivery in Japan have fallen 18 per cent since last year. In Taiwan, producers have trimmed personnel and promotional costs. China Steel aims to cut costs by up to 20 per cent.

But so far, cost cutting has not encompassed removing capacity.

For example, Japan, despite years of restructuring, is plagued by about 20 per cent excess capacity, according to Koichiro Yoshida, steel analyst at Salomon Smith Barney in Tokyo.

Nippon Steel has at least rid itself of its loss-making semiconductor division, but otherwise the Japanese industry shows few signs of rationalisation.

Glimmers of hope have been provided by the decision of many of the region's manufacturers to put additional capacity on hold.

The Chinese government forbade the construction of new iron and steel plants late last year. In South Korea, Posco has cancelled planned investments in several plants, although it has raised research and development spending to maintain a lead in high-quality steel products.

Such postponements are not enough. Global crude steel production last year fell 4 per cent to 760m tonnes, according to brokers Warburg Dillon Read in Tokyo. They expect it to fall 2 per cent this year, as output is cut and maintenance shut-down periods are extended.

Brokers predict prices in some grades could stabilise in the first half and might rise slightly in the second half. But average price of hot rolled coil in the US will be \$315 a tonne this year, against \$340 last year and \$425 in 1995, according to the brokers. With demand likely to remain subdued and prices in the mire, the outlook for most of Asia's steelmakers is grim.

Reporting by Paul Abraham in Tokyo, John Burton in Seoul, Mark Dickie in Taipei, James Harding in Shanghai, Alexandra Harvey in Tokyo and Gwen Robinson in Sydney.

PROPERTY MARKET

SHORT NOTICE SALE BY AUCTION

Sale of a Terminal Area behind the Harbour of La Spezia (Italy)

On 26 January 1999, the following assets will be sold by auction, as a single entity:
A storage yard for the handling of containers and bulk cargoes located in Santo Stefano Magra (La Spezia) locality (Praticci) (close to the port of La Spezia) connected by rail and near the A15 La Spezia-Parma and A12 Genoa-Leghorn motorways.

The yard consists of two adjacent areas of 45,449 sq.m. (handling containers) and 46,019 sq.m. (facilities).
Other facilities include: Shed "A", 8 m high, offices and changing rooms) total area 3,628 sq.m. Shed "B", 8 m high, (bonded warehouse 1,809 sq.m.) total area 3,233 sq.m. Tool shed 8.5 m high, 205 sq.m. Canteen, changing room and other services 3.5 m high - total area of 174 sq.m. Electric booth 3.9 m and 9 m high total area 40 sq.m.

For further details of the sale, please contact Banca Carige Tel: +44 171 600 2608 London Fax: +39 010 579 4000 Genoa

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The surrounding land, about 1000 acres (400 hectares), has recently been reseeded enabling a full Golf Course and about two hundred second homes to be built along with two Marinas. A building permit has already been granted for a separate sixty room Hotel and Conference building.

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NORMA COHEN THE PROPERTY MARKET

Taking a pan-European line

The ultimate local business is beginning to look further afield

Development Securities, the quoted UK development specialist, and MAB Groep, a large Dutch property developer, this week announced what they called a strategic alliance to undertake joint projects in Europe.

"With the advent of European currency integration, we see this relationship as a timely move," said Martin Landau, deputy chairman of Development Securities.

"Idiosyncratic? In what is arguably the ultimate local business, property is showing definite signs of becoming pan-European. Recently, two leading teams of UK real estate securities analysts, at Credit Suisse First Boston and HSBC Securities, said they intended to spread their research to cover large listed property companies in the rest of Europe.

"The reason we are moving that way is that 50 per cent of our target client list already want a pan-European service," says Andrew Penny, analyst at HSBC. "If this trend continues, all of our clients will want it that way."

Institutional investors, he adds, are increasingly benchmarking their performance against broader international indices, such as the Dow Jones Stoxx series, and are unlikely to be investors in companies whose market capitalisation is too small to be included in those universes. This means that smaller FTSE 250 stocks such as Bradford, Burford and Brixton may be demoted in investors' portfolios, and only those with a particular specialisation or unusually strong management will be able to attract attention.

Thus, the vast majority of UK property companies will have increasing difficulty competing for capital, and analysts who research them will find their audiences shrinking.

Cynics may point out that the investment banks which

employ these analysts are in business to do deals. The stubborn refusal of the UK quoted property sector to consolidate means bankers have to look elsewhere for business.

The recent move by Italian insurer Ina, which spun off its property assets to create Italy's largest listed property company, is precisely the sort of business in which banks want to participate.

A bank with a pan-European property research team on hand is in a strong position to compete.

Analysts at CFSB also argue that real estate will become increasingly pan-European, despite the fact that the underlying economies of EU member states and their real estate cycles remain dislocated. CFSB is forecasting increasing liquidity in the shares of European property companies. This partly reflects a shift among European pension fund managers away from bonds and into equities, as they seek higher returns.

Quoted European property companies outside the UK are few, and the UK quoted sector accounts for half the market capitalisation of the Stoxx index.

The low inflationary

Dow Jones Stoxx

European stock index real estate components

Country	%
Rodamos	0.6
Unim	0.04
GFC GPE Fin. Con.	0.03
Metravacsosa	0.03
Simco R	0.03
Unifair R	0.03
Valehermoso	0.03
Fondam Lyonnaisse	0.02
Swifway	0.02
B&F Invest.	0.01
Immobilier de France	0.01
Sophia	0.01
Total UK	0.34
Total Europe	0.34
Real estate sector	0.68

Source:DataStream

environment promised by the new European Central Bank means property investors can no longer rely on being bailed out by rising prices.

"Lower nominal property returns should force property companies to move away from being income gatherers and fallow-asset collectors into operating companies, requiring the cost-of-capital advantage and economies of scale of the US Real Estate Investment Trusts," the CFSB analysts say.

Relatively low debt financing costs and emerging opportunities in European regions are also likely to spur the growth of companies. Floris Van Dijkum, real estate securities analyst at Morgan Stanley Dean Witter (who already produces pan-European research), says US investors have long viewed Europe as a single zone, albeit one with varying currency risks.

The euro, however, minimises those risks, making it easier for investors to compare companies.

But Mr Van Dijkum cautions against concluding that UK property companies will begin collecting assets across Europe. After all, real estate markets are localised, even if currencies are not.

One fundamental characteristic of the US Reit market is that so many of the highly rated players have concentrated on a single local market and become the dominant operators within it. Reckson Associates has been the leading office and industrial real estate company on New York's Long Island, while Speker Properties is a highly regarded office and industrial property company which dominates the Silicon Valley market in California.

Mr Van Dijkum says there is no reason to assume that pan-European activity will predominate any more than US Reit operators invest across America.

However, he says, some property types are likely to lend themselves particularly well to transcontinental investment, and any company contemplating cross-border expansion can do so successfully only by concentrating on a single property type.

Mr Van Dijkum says retail property developers are in a strong position to grow pan-European companies. "Retailers tend to be the same wherever they go," Mr Van Dijkum argues. "Marks & Spencer and The Gap are the same in any country and, as a landlord, you tend to have the same relationship with these tenants everywhere."

Indeed, in the US, Simon Properties and General Growth Properties, the first and third largest shopping mall operators in the country, are among the most successful nationwide Reits.

"That's how you get pricing power," says Mr Van Dijkum. Retailers anxious to rent space in these companies' best malls can be pressured to take space in secondary properties as well.

Some of the largest US retail Reits have caught on to this and are securing Europe for opportunities. Simon Properties has taken a stake in Groupe Beig, a French developer which builds for the hypermarket chain Carrefour in Europe.

Likewise, industrial distribution property providers can also benefit from pan-European expansion, as the US Reit Pro-Logis has already done. Offices are more of a commodity product, argues Mr Van Dijkum, and less well suited for cross-border expansion.

He points to the Swedish-based Astica, which has exposure to the London, Paris and Brussels office markets. "It has never really taken off," he says.

But with investors developers and tenants increasingly focused on a pan-European marketplace, it is difficult to believe that property can remain a purely local business.

صلى الله عليه وسلم

COMPANIES & FINANCE: ASIA-PACIFIC

Provisions push Thai banks deep into loss

By Ted Sardas in Bangkok

Thailand's leading banks reported huge full-year losses yesterday as provisioning for bad debt hit both profitability and capital ratios.

Despite the losses, the country's top two private banks appeared to have strengthened their balance sheets enough to sustain further losses to be incurred in debt restructuring and to resume lending.

Two mid-tier banks - Bank of Ayudhya and Thai

Military Bank - which missed yesterday's deadline for reporting full-year earnings, were using delaying tactics to avoid raising capital until later in the year, analysts said.

Bank stocks fell 4.6 per cent yesterday, leading the Thai market as a whole to fall 2.3 per cent.

Bangkok Bank, the country's largest private bank, lost B449.5bn (\$1.36bn) in 1998, compared with a profit of B4.5bn the year before. The bank said it had added B148.8bn in provisions for

bad debt during the year, raising its provisioning level to 63 per cent of non-performing loans.

Under strengthened rules implemented by the Thai government last year, all banks must have provisions for 20 per cent of bad loans by the end of 1998, rising by 20 per cent every six months to 100 per cent at the end of 2000.

Thai Farmers Bank, the country's second largest private bank, said it lost B338.5bn in 1998, compared with a net profit of B600m

the year before. It made B338.6bn worth of provisions in the year and recorded a permanent loss on securities of B19bn.

The bank said it had provisioned for 62 per cent of its non-performing loans, which stood at 37 per cent of all loans at the end of the year. This figure was up only slightly from 36 per cent at the end of the third quarter, indicating that the dramatic rise in non-performing loans is beginning to slow down, owing to debt restructuring and lower interest rates.

Thai Farmers' net interest margin increased to 1.7 per cent in the fourth quarter, up from just 0.3 per cent in the third quarter, according to Sriyan Pietersz of SG Asia Credit. This was likely to allay fears that rising non-performing loans could cause interest income to contract so much that banks would be losing money on deposits despite interest spreads of as much as six percentage points.

Nevertheless, there is concern that profitable Thai corporations will begin refinancing

expensive bank debt on the domestic bond market, forcing local banks to shrink their portfolio of performing loans even further.

Siam Commercial Bank, the country's fourth largest bank, said it lost B12.9bn in 1998, compared with a profit of B13.2bn in 1997. The bank gave no details of its provisioning levels but it has applied for government assistance to raise new capital, which will require the bank to meet the end-2000 provisioning requirement immediately.

JAPAN INVESTMENT TRUST ARM TARGETED

Daido Mutual eyes purchase of LTCB unit

By Naoko Nakamae in Tokyo

Daido Mutual, a second-tier Japanese life insurer, is hoping to purchase the investment trust division of the Long-Term Credit Bank of Japan.

banking sector's problems. In a sign of the government's commitment to the process, LTCB recently revealed that it has asked Goldman Sachs to assist in the sale - the first time that a western firm has been appointed to such a politically sensitive job in the financial sector.

Yesterday's announcement highlights the degree to which Daido, like other troubled life-assurance groups, is scrambling to carve out a business strategy to ensure its survival as Big Bang financial deregulation gets under way.

Daido Mutual, which is based in Osaka, yesterday said that it was attempting to strengthen its fund-management capabilities by means of the acquisition.

Life insurers have been battered by plunging equity and land prices, falling bond yields and rising policy cancellations.

LTCB Investment Trust Management, established in 1980 and 94 per cent owned by the LTCB Group, had Y211bn (\$1.88bn) of assets under management at the end of December.

The move follows Daido's recent announcement that it would form an alliance with the Tokyo-based Taiyo Mutual.

Daido yesterday refused to comment on the price of the acquisition. However, the Japanese media reported that it could cost about Y2.8bn.

LTCB, which was nationalised as part of the government's drive to reform the banking sector, is trying to complete the sale of its subsidiaries and affiliates by the end of the fiscal year.

GE Capital has so far refused to comment on this, although Japan Leasing has indicated that it has also appointed Goldman Sachs to advise on this sale.

This timetable is considered excessively ambitious by many observers. However, the sale of LTCB will be a crucial test case for the government's ability to resolve quickly the

State bank calls default on Astra

By Sander Thoennes in Jakarta

Astra International, the Indonesian state bank, yesterday saw efforts to be the country's first big company to restructure debt set back, when an Indonesian state bank joined Japanese banks in calling a default.

Toyota Motor set to join Formula 1

By Alexandra Harney in Tokyo

Toyota Motor yesterday announced it planned to join the Formula 1 racing circuit in an effort to remake its image as a young and sporty carmaker.

The move, which follows rival Honda's announcement last month that it would return to F1, was seen by analysts as an inexpensive way for Toyota to raise its brand image among younger buyers and in Europe, where F1 racing enjoys great popularity but where Toyota has suffered from a low profile.

Toyota already participates in the World Rally Championship, the Le Mans 24-Hour Endurance Race, and the CART-sanctioned FedEx championship series, which are managed by subsidiaries in Japan, the US and Germany. It plans to increase investment to improve co-ordination between the group's racing business, but did not specify the amount.

The racing team would be based in Cologne, Germany, with Toyota team Europe, its World Rally Championship team, but the cars would be designed and developed in Japan by Toyota Techno-craft, the Tokyo-based assembly and design subsidiary owned 85 per cent by Toyota, the company said.

Toyota and Honda are the only Japanese carmakers with full participation in F1 racing.

Yoshimi Inaba, director in charge of European operations, said that the move was also intended to raise awareness of the



Hiroshi Okuda aims to start racing in 2002 or 2003

Bank Bumi Daya declared Astra in default over coupon payments on a Rp60bn convertible bond due earlier this month, echoing default calls on other loans by Japanese and Singapore banks. Analysts said two other big Japanese lenders to Astra were about to follow suit.

Although Toyota executives would not comment on the size of the investment, analysts estimated the project would initially cost the company between \$10m and \$20m.

Toyota executives said the move was also prompted by a desire to develop new technical skills by working on high-speed engines and with other engineers on the international circuit.

But analysts warned that benefits from participation in F1 were unlikely to show up quickly in Toyota's passenger cars.

"It is not very common for significant technical developments to come out of F1 racing," said Stephen Usher, auto analyst for Jardine Fleming in Tokyo.

Astra is one of Indonesia's largest debtors, with \$2bn in off-shore debt mainly to Japanese banks, and Rp2,000bn (\$236m) in local debt. In October, the group presented creditors with detailed debt restructuring plans but stopped interest payments on 70 per cent of its loans.

Intel to invest in Korea chip group

By John Burbin in Seoul

Samsung Electronics yesterday said Intel, the US chipmaker, had signed a letter of intent to invest in South Korea's biggest semiconductor company by purchasing \$100m of convertible bonds, equivalent to 1 per cent of Samsung's outstanding shares.

prompted by Intel's concerns about a supply shortage of Rambus D-Rams as makers face cash-flow problems due to a price slump and have not invested adequately in new plants.

Intel invested \$500m in Micron Technology of the US last October for Rambus D-Ram chips. Analysts said it was expected to invest another \$400m in other memory chipmakers, including possibly Korea's Hyundai Electronics once it completed the takeover of its domestic rival, LG Semicon.

However, some Japanese banks, many of which are struggling under a burden of mounting provisions, have insisted that Astra can afford interest payments, pointing at a rebound in the rupiah and strong income from non-core business.

Intel, the world's largest chipmaker, will make the investment to secure a supply source for next-generation Rambus dynamic random access memory, or D-Ram, chips. Samsung, the world's largest D-Ram producer, promised to use the Intel funds for building Rambus D-Ram facilities.

The investment is

Hyundai Electronics yesterday said that it was planning to use the \$170m this year to complete the construction of Rambus D-Ram plants.

Astra said some unnamed banks had offered to accept eventual payments of only 30 per cent of principal if interest payments resumed at once.

"But Astra does not want that," a spokesman added. "Astra wants to treat everyone the same. We offer to resume interest payments in January 2000 and still hope to reach an agreement by March. Our proposal has not changed."

Tan gives up direct management of PAL

By John Burbin in Manila

Lucio Tan, the Filipino-Chinese business tycoon, relinquished direct management control of Philippine Airlines yesterday in an attempt to gain support from creditors for a rehabilitation plan, writes Tony Tassell in Manila.

The move by Mr Tan, who still controls 70 per cent of the equity of the ailing national flag carrier, was part of a management revamp following recruitment of five former executives of the Hong Kong-based Cathay Pacific to run the airline on an advisory basis.

the stumbling blocks had been Mr Tan's management. He remains chairman.

Replacing him as chief executive and president will be Luis Juan Virata, the president of Exchange Capital Corp. Mr Virata is closely connected to Joseph Estrada, the Philippine president.

Much of the management of the airline will be directed by Peter Foster, a former Cathay Pacific executive, who has been appointed chief company adviser.

Analysts suggested Bumi Daya's default call was merely a formal response, required by banking regulations, to the other calls.

One analyst said the Japanese banks had no intention of suing either but were playing tough with Astra, a high-profile company, to persuade other debtors to become more co-operative.

Creditors have largely rejected the rehabilitation plan for PAL announced in December, which called for suspension of debt repayments and an equity injection of up to \$150m. One of

Three of the former Cathay Pacific officials, including Mr Foster, will also join the interim rehabilitation receiver.

Mr Foster said the airline would be in a position to make a payment to some secured creditors by the end of January but declined to specify the amount.

ECU 3,000,000,000
Euro Medium Term Note
and
Euro Depository Receipt Programme
of
Lavoro Bank Overseas N.V.
and
Banca Nazionale del Lavoro S.p.A.
Series N° 3
Banca Nazionale del Lavoro S.p.A.
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US\$ 100,000,000 Subordinated Floating
Rate Depository Receipts due 1999

In accordance with the terms of the Series N° 3 Depository Receipts (the "Receipts") described in the Pricing Supplement dated as of July 16, 1994, notice is hereby given that for the Interest Period from January 22, 1999 to April 22, 1999 the Receipts will carry an Interest Rate of 5.34609% per annum.

The Interest Amount payable on the relevant Interest Payment Date, April 22, 1999 will be US\$ 2.67 per Receipt of US\$ 200, US\$ 26.73 per Receipt of US\$ 2,000 and US\$ 267.30 per Receipt of US\$ 20,000.

The Calculation Agent
Kreditbank Luxembourg

Ford Credit Auto
Loan Master Trust
Series 1997-1, Floating
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Backed Certificates
Due April 15, 2002
(ISIN # XS075763150)

In accordance with the terms of the documents governing the above-referenced Certificates, notice is hereby given that the Certificate Rate per annum for the Interest Period commencing January 15, 1999, to April 14, 1999, shall be 5.128160%. The amount of interest payable on April 15, 1999, in respect of each U.S. \$1,000 principal amount of Certificates will be U.S. \$12,800.000.

The Chase Manhattan Bank
as Calculation Agent
January 22, 1999

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COMPANIES & FINANCE: UK

MEDIA THREE INSTITUTIONS MAY CALL FOR DAVID MONTGOMERY'S RESIGNATION

Attack on Mirror chief

By John Gapper

Leading shareholders in Mirror Group, the newspaper company, are pressing for the removal of David Montgomery, its chief executive, if he stands in the way of a takeover or merger with another group.

Three City Institutions which hold 28 per cent of Mirror want its board to seek his resignation if he proves an obstacle. One shareholder has already written to ask it to consider appointing a new chief executive.

The revolt against Mr Montgomery, who is blamed by some of the shareholders for blocking a possible merger with Trinity, the regional newspaper group, has come amid a public dispute over the future of the Mirror Group.

Talks with Trinity broke down this month, and have led to a division between Mr Montgomery and Sir Victor Blank, Mirror's non-executive chairman. Trinity wants Mr Montgomery to play a limited role in any merger. Mr Montgomery will today

meet Hermes, one of the investors that has expressed disquiet, to give it assurances that he is not an obstacle to a deal. This follows a meeting between the fund manager and Mirror directors yesterday.

Phillips & Drew Fund Management, which holds 22 per cent of Mirror, and Prudential Corporation, which has 5 per cent, have also voiced concern. Other shareholders say they want to see Mirror's board demonstrate that it is united.

One shareholder said it

might call an extraordinary meeting of investors to force Mr Montgomery's resignation if it remained dissatisfied. "One person appears to be standing in the way of Mirror's progress," it said.

The moves came as Mirror's board rejected a \$913m (£1.6bn) offer for the company from Regional Independent Newspapers, owned by the private equity firm Candover Investments. It said the offer level of 200p per share was "not adequate".

Lex, Page 24

Sears accepts increased offer from Green

By Peggy Hollinger

Sears surrendered yesterday to an increased offer from Philip Green, the retail entrepreneur whose daring bid for the struggling conglomerate drew initial derision from the market.

Mr Green, backed by the wealthy and reclusive Barclay brothers, increased his \$519m cash bid for Sears by 6 per cent to \$549m (£942m) or \$59p a share. The offer was unanimously recommended by the Sears board, which includes Lord Tebbit, the father of one of Mr Green's advisers.

It is understood that a deal was agreed between Philip Green and Sir Bob Reid, Sears chairman, late Wednesday night in a London hotel. This was hours after Mr Green's bid vehicle, January Investments, posted its offer document accusing the target's management of

presiding over an "incredible shrinking company".

Analysts said the agreement was remarkable, coming just two weeks after the formal bid was launched. "Normally investors think it is against their interests to give up so early, but in this case they are rightly relieved," the analyst said.

Sears' record has drawn much criticism from the market, having underperformed the FTSE-100 by 85 per cent in the last 10 years. However, the \$59p bid represents a 42 per cent premium to the share price the day before news of his bid plans emerged. The shares closed yesterday 7 1/2 up at 35 1/2.

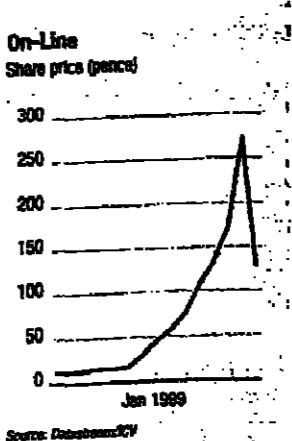
COMMENT On-Line

On-Line, a little-known internet games maker, complained 10 days ago that two directors had reluctantly agreed to sell shares to alleviate a stock shortage. As the share price was rising by the hour, their irritation looked understandable. But one director, Clement Chambers, has since sold 25 per cent of the company's stock, leaving this argument looking thin.

As 80 per cent of the company was in the directors' hands, they bear some of the blame for poor liquidity. Reducing their stakes seems sensible. But the board has promised Mr Chambers shares or options at the same price as those he sold, so he can restore his holding.

This raises novel corporate governance questions for minority shareholders. At the very least, the company should explain why it has diluted their holdings as attached to the options of Mr Chambers, and what criteria are attached to the options and shares they have promised him.

To cap it all, On-Line admitted last night that the recent share price rise was probably not justified. Such candour would have been welcome before directors sold some shares near the top.



RESULTS

Table with columns: Turnover (£m), Pre-tax profit (£m), EPS (p), Current payment (p), Date of payment, Dividends (p), Total for year, Total for last year. Rows include Albion, Douglas Hodge, British, Grosvenor Land, JIVE Telecom, Lookers, Leisure, T-Mobile Technology, WF Electrical, Wiggins, Zimex.

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. *After exceptional charge. **After exceptional credit. †On increased capital. ‡AIM stock.

Notice of a Change of Agent to the Holders of Each Issue of Bonds/Notes Listed Below

NOTICE IS HEREBY GIVEN to the holders of each issue (the Issue) of Bonds/Notes listed below (the Notes) of the relevant issuer listed below (the Issuer) that with effect from 22 February 1999 (the Effective Appointment Date), the relevant offices/affiliates of Morgan Guaranty Trust Company of New York (Morgan Entities) will resign from their respective agency roles in relation to the issues listed below and their branches/subsidiaries of Citibank, N.A. located in the same cities as the relevant Morgan Entities will be appointed in their place (Citibank Entities). The Citibank Entities are replacing the Morgan Entities in the respective agency roles in relation to the issues listed below will be Citibank, N.A., London office, Citibank, N.A., Paris office, Citibank, N.A., Brussels office, Citibank, N.A., New York office and Citibank AG, Frankfurt office as the case may be. The addresses of the various Citibank Entities are listed at the end of this notice.

Table with columns: Issuer, Description of Notes, Issuer, Description of Notes. Lists various financial institutions and their bond/notes issues.

Citibank, N.A. P.O. Box 18055 5 Concourse Street London EC4Y 0PA, U.K. Morgan Guaranty Trust Company of New York 22 January 1999

Wolves lifts cash offer for Marston

By David Blackwell

Wolverhampton & Dudley Breweries yesterday raised the stakes in the bid battle with rival regional brewer Marston Thompson & Evered by increasing the cash element of its offer.

Analysts suggested that Wolves had done enough to overcome the so-called Pacman defence launched by Marston two weeks ago. "All being equal the balance has swung back in favour of Wolves - Marston shareholders have now been offered more cash and fewer shares," said one.

Wolves, making its final offer, has lifted the cash element from 182p to 200p for each Marston share. It also reduced the share element from 0.25 to 0.175 new Wolves shares for each Marston share. Wolves valued the offer at 306.1p a share and its target at £289m against £262m in November. But the news knocked 7 1/2 off Wolves shares, which closed at 427 1/2, valuing the target at £279m.

Marston attacked the revised offer as a further attempt to bounce shareholders in both companies into a hurried decision. Wolves' need for a short-term boost to earnings "has long been apparent," said Nick Letcher, Marston's chief executive.

As Wolves moved into action yesterday the ink was scarcely dry on the first offer document from Marston, published late on Wednesday. Marston is offering its own shareholders a special dividend of 123p and Wolves shareholders a mix of 246p cash and two new Marston shares for each Wolves share. Marston shares closed yesterday off 5p at 288 1/2, valuing the target at £318m.

Wolves' offer will lapse if Marston wins more than 50 per cent of the shares. The closing date for the Wolves offer is now February 4 - the day before Marston's extraordinary meeting seeking approval for its bid.

Wolves said it was hoping to avoid the further costs that would arise if Marston's EGM went ahead. Its own costs have reached more than £16m, and it expects them to total about £30m if its bid is successful.

Sears

In Sears' view, it was all a matter of holding out for a fair price. In reality, Phillips & Drew's decision to pull the rug by accepting the £549m offer by January Investments yesterday was the main reason for the retailer's tame acceptance of the raised bid. The proactive P&D has secured a clean exit from a painful investment, at about the right price.

On-Line shows Net volatility

By Andrew Edgecliffe-Johnson and Christopher Price

On-Line, a small Aim-listed computer games group, gave a vivid illustration of the volatility of Internet-related stocks yesterday, as its shares plunged 53 per cent to 129p on further share sales by Clement Chambers, its marketing director.

Mr Chambers' latest sales of 370,000 shares at prices between 150p and 250p means he has made eight such disposals since January 11, when the company said he had "reluctantly" sold 50,000 shares at 30p for the same reason. He has now sold 820,000 shares for £114m, cutting his holding from more than 38 per cent to 14 per cent.

The company said it would issue Mr Chambers with "options or shares at the same price at which these shares were released to the market".

L&G lifts new business figures

By Christopher Brown-Humes

A near doubling of new pension fund business added yesterday at the group rose 21 per cent to £494m.

The UK life and investment operations of Zurich Financial Services yesterday announced an 18 per cent increase in new business during 1998 to £435m (£718m), writes Andrew Bolger.

ZFS was the product of last year's £33bn merger of BAT's financial services business and Zurich Group Europe's third largest insurer. The figures include UK results from life companies Allied Dunbar, Sterling Assurance and Zurich Life.

Zeneca moves to hasten merger with Astra

By David Filling in London and Tim Surt in Stockholm

Zeneca of the UK has taken another step towards combining with Astra of Sweden through a \$65bn merger by calling an extraordinary meeting on February 18 to seek shareholders' approval.

Analysts said the merger had reached its "danger period" in terms of a possible counter-bid for Zeneca, with the focus on Glaxo Wellcome. Sir David Barnes, Zeneca's chief executive, said: "Hypothetically it is possible for someone to act as an interloper. But I don't think that is likely to happen."

there were real, enduring long-term prospects that were better for Zeneca shareholders than the transaction we have proposed," said Sir David, who will become executive deputy chairman of the enlarged group.

Zeneca's offer document, issued yesterday, revealed the cost of the transaction at a total of just over £100m (£165m) for both companies. Zeneca, which was advised by Goldman Sachs will pay \$58m, with Astra, advised by Morgan Stanley, paying \$45m (£70m).

Sir David said Astra and Zeneca had proved their capacity to work together by issuing the offer document only 27 working days after the deal was announced.

The combined company, which will have half its sales in the US, will account in dollars. Shares will also be denominated in dollars, but UK investors will receive their dividends in sterling. The deal has been structured so Swedish shareholders do not have to pay stamp duty.

Astra said there would be restructuring charges of about \$K9.4bn, to be taken against AstraZeneca's 1998 results.

Zeneca announced pre-tax profits for the nine months to September of \$245m, down 4 per cent, on sales \$4.16bn (£3.95bn). To harmonise dividends, Astra will make a full-year payment of \$K1.90, while Zeneca will pay a second interim of 28p.

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INTERNATIONAL CAPITAL MARKETS

Sega convertible to raise Y80bn

By Vincent Boland
Sega, the troubled Japanese computer games group, has set out to raise Y80bn in a convertible bond issue to help finance production and distribution outside Japan of its Dreamcast game, seen as a make-or-buy product for the company.

Sega is issuing Y80bn of convertibles targeted at Japanese retail investors and Y60bn separately aimed at international investors. The issue is the biggest so far from a Japanese company and follows a resurgence of issuance in the country's convertible bond market.

The Japanese convertible bond market, one of the largest in the world, has been slack in the past two years as share prices and interest rates have collapsed. But so far this year, the market has seen more issuance than in all of 1998 because of the recent jump in Japanese government bond yields.

Proceeds from the Sega issue will be used to finance the launch of Dreamcast in Europe and the US, which is expected in September.

"Sega has to increase the production and distribution of Dreamcast, and the money will be used to create software alliances and create a distribution network," said Nomura International, lead manager and book-runner.

The launch of Dreamcast in Japan last year was hit by capacity problems. It competes directly with Sony's Playstation and games produced by Nintendo.

Sega has Y150bn of convertible bonds maturing over the next two years. Its new issue will be priced next Wednesday. The Y80bn piece has a life of seven years; the Y60bn tranches of four years.

Brazil factor boosts prices

BENCHMARK BONDS

By Arkady Ostrovsky in London and John Labate in New York
The Brazil factor returned to haunt the markets yesterday, pushing up government bond prices and denting equities as investors sought the greater safety of the fixed-income markets.

US and European bonds moved higher as the Brazilian Real tumbled another 6.5 per cent against the dollar. The renewed weakness of the currency is unsettling.

Investors have been relatively sanguine up to now about Brazil's ability to weather its crisis; further falls in the value of the Real

against the US currency make the government's task harder, analysts say.

Brazil's Brady bonds fell sharply, despite the approval by parliament of a bill to increase civil servants' pension contributions. The benchmark "C" was nearly \$5 weaker in afternoon trading at 54.125/54.75, and other Brady markets also fell.

Argentine FRBs were down one percentage point at 79.25 and Mexican PAR bonds fell half a percentage point.

US Treasuries led the main markets higher, further boosting the European sector, which was already in positive territory following a series of gloomy pictures of the European economy that

suggested the case for more interest rate cuts by the European Central Bank and the Bank of England was getting stronger.

In early afternoon trading the 30-year US Treasury was up 1/8 to 101 1/8, sending the yield to down to 5.128 per cent. Among short-term issues the 10-year note was 1/8 higher at 100 1/8, yielding 4.885 per cent, and the two-year note was up 1/8 at 100 1/8, yielding 4.608 per cent.

European markets had taken their cue from a survey by Germany's Ifo institute that showed business confidence worsening. Ifo's business climate index fell to 91.4 in December from 92.6 a year earlier.

The ECB's policy-making council met yesterday but left European interest rates unchanged. But analysts said the case-for rates to fall over the medium term was unlikely the bank would react too quickly. Interest rates in euro-zone countries stand at 3 per cent.

The March futures contract on German bunds rose 0.46 to 117.52 in Frankfurt trading, while in London the March future on UK gilts rose 0.85 to 120.06.

The catalyst was a survey showing that the gloom that has gripped the country's manufacturing sector has spread to services, suggesting a wider slowdown.

Kilcollin resigns as president of CME

By Niall Tait in Chicago
In a surprise move, Rick Kilcollin, president and chief executive of the Chicago Mercantile Exchange, one of the two big US futures exchanges, yesterday announced his resignation.

Mr Kilcollin, who has worked at the exchange since 1981 apart from a brief period with Wells Fargo Nikko Investment Advisors in the mid-1990s, will step down in two months, although he has offered to stay longer if a successor has not been found.

Yesterday, he linked his move under way at the CME, saying he had largely met the goal he set when taking his job two years ago.

Last week, by a wide margin, members approved the CME board's proposal to introduce side-by-side electronic and open outcry trading of its flagship eurodollar contracts this year.

Other aspects of the strategic plan, announced last year, involve introducing more electronic order routing and possibly forming a strategic alliance with other participants in the derivatives/technology industry and converting to a for-profit company.

"It was a logical opportunity to look at what I wanted to do going forward," Mr Kilcollin said in a statement.

Scott Gordon, CME chairman, said Mr Kilcollin would be "sorely missed".

Mr Kilcollin, who first worked as the CME's chief economist and was then chief operating officer between 1990 and 1994, said he had no specific plans.

Yen Labor falls as banks leave panel

By Edward Lucas, Capital Markets Editor
The Labor borrowing rate in Japanese yen dropped sharply yesterday as a result of the decision to eject two of the Japanese banks from the panel that calculates the daily benchmark.

The two banks - Sakura and Tokai - were dropped from the 16-member committee of banks because of their declining presence in the international yen lending market.

Controversy had arisen over the accuracy of the yen inter-bank borrowing rate owing to the presence of eight Japanese banks on the committee. Japanese banks have been dogged by higher borrowing costs - the so-called "Japanese premium" - for several years due to their deteriorating creditworthiness.

This means the eight banks were supplying considerably higher quotes than their eight non-Japanese counterparts. The Labor rate - calculated by eliminating the highest and lowest four quotes and taking an average of the remaining eight - was thus considered to be artificially high.

"Most derivatives contracts and international loans use Labor as a reference rate so many market players feel they are paying too much," said one banker.

However, some banks, including one of the 16-member committee, believe more derivatives should be based on the two Japanese banks that remain on the Labor panel.

The Japanese banks that remain on the Labor panel are Tokyo-Mitsubishi, Sumitomo, Sanwa, Industrial Bank of Japan, Fuji and Dai-ichi Kangyo.

months - was mitigated by Norinchukin, a Japanese bank, being invited to fill one of the vacancies.

Bank of China and Citibank also left the panel, but for different reasons. The other new entrants are Deutsche Bank, Rabobank and WestLB.

Most bankers have reacted positively to the decision to reduce the Japanese presence on the panel to seven. They also highlighted the fact that Norinchukin has a credit rating of A, higher than the BBB ratings of Tokai and Sakura. This suggests Norinchukin will be quoting a lower inter-bank borrowing rate than its predecessors.

The British Bankers Association, which manages Labor in all currencies, says it plans to review the composition of all currency panels "at least once a year". This means the yen review panel could be reconvened before next January if the Japanese premium started to widen sharply again.

The Japanese premium has dropped from a high of 100 basis points last year to about 45 basis points this month owing to tentative moves by the Japanese government to restructure its banking sector.

However, the premium could start to rise again before the end of the Japanese financial year in March, when banks will be scrutinised by shareholders and regulators.

The Japanese banks that remain on the Labor panel are Tokyo-Mitsubishi, Sumitomo, Sanwa, Industrial Bank of Japan, Fuji and Dai-ichi Kangyo.

Floating rate issues come to the fore

NEW ISSUES

By Khosro Merchant
Concern over Brazil is taking the shine off fixed-rate notes and, together with interest rate uncertainty, is underpinning issuance of floating-rate issues.

Commerzbank led the way yesterday with a five-year \$1bn note priced to yield Libor plus 14 basis points. This was a little tighter than a bond of the same maturity issued by Dresdner this week. Commerzbank's deal sold mainly in Europe, but 12 per cent was bought by Asian commercial banks.

A strong flow of redemptions is also supporting demand for FRNs. A \$2bn Canadian bank backed issue in February will also mature in the first half of this year.

The redemption of a \$150m bond next month also encouraged Bradford & Bingley, a mortgage lender, to issue fresh paper. Its \$400m FRN was the largest ever by a mutual. Bradford & Bingley retains its mutual status, unlike Abbey National, which converted to a plc bank and recently issued a \$2bn FRN. Yesterday's issue was priced to

New international bond issues

Table with columns: Issuer, Amount, Coupon, Price, Maturity, Yield, Spread, Book-runner. Includes entries for US DOLLARS, EUROZONE, and YEN.

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. Convertible: 3 Floating-rate notes, 66m-annual coupon. FR fixed rate plus float shown at re-offer level. a) 3-m Libor +12 1/2bps. b) Fungible with 10m, plus 60 days accrued interest. c) Fungible with 6700m. Plus 30 days accrued interest. d) 3-m EuroLibor +12 1/2bps. e) Spread related to German gov bonds unless stated. f) 3-m Libor +6 1/2bps. g) 3-m EuroLibor +12 1/2bps. h) 3-m EuroLibor +12 1/2bps. i) 3-m EuroLibor +12 1/2bps. j) 3-m EuroLibor +12 1/2bps. k) 3-m EuroLibor +12 1/2bps. l) 3-m EuroLibor +12 1/2bps. m) 3-m EuroLibor +12 1/2bps. n) 3-m EuroLibor +12 1/2bps. o) 3-m EuroLibor +12 1/2bps. p) 3-m EuroLibor +12 1/2bps. q) 3-m EuroLibor +12 1/2bps. r) 3-m EuroLibor +12 1/2bps. s) 3-m EuroLibor +12 1/2bps. t) 3-m EuroLibor +12 1/2bps. u) 3-m EuroLibor +12 1/2bps. v) 3-m EuroLibor +12 1/2bps. w) 3-m EuroLibor +12 1/2bps. x) 3-m EuroLibor +12 1/2bps. y) 3-m EuroLibor +12 1/2bps. z) 3-m EuroLibor +12 1/2bps.

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yield 12 1/2 basis points over three-month Libor. Cades, the state-owned body that manages France's social security debt, launched a five-year €1bn issue that will be priced until after the auction yesterday of €2.5bn of French government notes, which provided the reference price for the Cades bond.

The bond is likely to carry the same yield spread as that established at the auction: about 12 basis points over French government bonds. It is expected to be increased to about €3m.

Italy added \$1bn to a \$1bn note issued last year. The original bond was priced to yield 62 basis points over the relevant Treasury, yesterday's was at 49 points over.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

Table with columns: Country, Bond, Bid, Offer, Net, Day, Chg, Bid, Offer, Net, Day, Chg, Bid, Offer, Net, Day, Chg. Includes Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Sweden, Switzerland, UK, US.

BOND FUTURES AND OPTIONS

Table with columns: Instrument, Bid, Offer, Net, Day, Chg, Bid, Offer, Net, Day, Chg. Includes EURO, US CORPORATE BONDS, UK BONDS, FTSE Actuaries Government Securities, UK Gilts Prices, Other Fixed Interest.

INTERNATIONAL BONDS

Table with columns: Issuer, Bid, Offer, Net, Day, Chg, Bid, Offer, Net, Day, Chg. Includes various international bond issues from companies like Anglo American, Anglo Irish, Anglo Japanese, Anglo Korean, Anglo Latin American, Anglo Middle East, Anglo Pacific, Anglo South America, Anglo Switzerland, Anglo Taiwan, Anglo Thailand, Anglo USA, Anglo Vietnam, Anglo World.

10 YEAR BENCHMARK SPREADS

Table with columns: Country, Spread, Bid, Offer, Net, Day, Chg, Bid, Offer, Net, Day, Chg. Includes Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Sweden, Switzerland, UK, US.

EMERGING MARKET BONDS

Table with columns: Country, Bid, Offer, Net, Day, Chg, Bid, Offer, Net, Day, Chg. Includes Argentina, Brazil, Chile, Colombia, Ecuador, Mexico, Peru, Russia, South Africa, Turkey, Venezuela.

UK Gilts Prices

Table with columns: Maturity, Bid, Offer, Net, Day, Chg, Bid, Offer, Net, Day, Chg. Includes 10 year, 15 year, 20 year, 30 year.

Other Fixed Interest

Table with columns: Issuer, Bid, Offer, Net, Day, Chg, Bid, Offer, Net, Day, Chg. Includes various fixed interest instruments.

Large advertisement on the right side of the page, partially cut off, featuring the text 'Dollar WO' and 'Dollar W...'. It appears to be an advertisement for a financial product or service.

Libor as banks... ve panel

Dollar wobbles on worries over trade

MARKETS REPORT

By Alan Beattie and Florian Gimbel

Poor trade figures and the prospect of a political battle over trade with Japan gave the dollar a shock against the euro and the yen yesterday.

Market analysts said there was little prospect of an immediate impact on the US current account deficit. But any escalation of the war of words between the US and Japan could threaten a rapid fall in the dollar.

Further falls in the Brazilian Real yesterday - despite the successful passage of a key piece of fiscal reform in the country's congress - also raised concerns about the Real.

The dollar closed at \$1.152 against the euro at the end of London trading hours yesterday. Against the yen it fell by less, closing at ¥113.2 compared with ¥113.5 on Wednesday. The possibility

of more Bank of Japan intervention has kept the dollar fairly well supported recently against the yen, in the absence of a dramatic break down below the ¥110 level.

The US trade deficit for November was only slightly worse than expected, totaling \$15.49bn compared with a median expectation of \$15bn.

But in the context of rising tension on the trade front between the US and Japan, any rise in the deficit is likely to trigger further falls of dollar weakness. President Clinton's specific warning over steel imports on Tuesday was echoed yesterday by Charlene Barshefsky, the US trade representative.

The fall in the Real yesterday brought a denial from the central bank that it would step intervention to stop the currency going into free fall.

The Real fell below the R\$1.60 level to close in London at R\$1.58, and continued to drop in the American trading session.

After the failed attempt to hold a new, lower band for the Real, the central bank said last week that it would only intervene to support the currency in extreme circumstances. The dollar has continued to leak

"It is notable that the protectionist rhetoric has come from the US at a time when the economy is still growing strongly," said Paul Meggyesi, currency strategist at Deutsche Bank in London.

"If investors fear the US is prepared to use exchange rates as a tool of trade policy, the dollar may well weaken," said Mr Meggyesi.

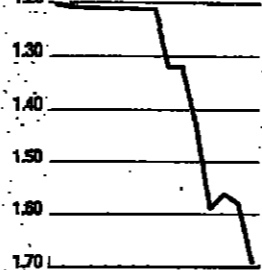
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BRITISH REAL

Against the dollar (GBP per US)



Source: DataStream/FT.com

OTHER CURRENCIES

Jan 21

Table listing various currencies and their exchange rates against the dollar, including Euro, Swiss Franc, Japanese Yen, etc.

THE RUPIAH CLOSED AT

Rp8700.0 against the dollar at the end of London trading hours yesterday, down from Rp8475.0 on Wednesday.

The rupiah has also suffered from speculation about a further downgrading of Indonesia's sovereign debt by rating agency Standard & Poor's.

But despite the rupiah's losses it has held up well in the face of possible contagion from Brazil.

"There is no link between these two markets at the moment," said Jonathan Chapman, regional head of foreign exchange at Standard Chartered in London.

"On the scale of last year's events, the current situation looks remarkably stable," he added.

But the threat of contagion to east Asia has not entirely receded. "A break-up of both the Argentine and the Hong Kong currency boards, in the wake of the Brazilian crisis, would have serious knock-on effects in emerging markets," said Ray Atrill, of the economic consultancy 4Cast in London.

Mr Atrill said that for the time being, the US seems to be standing firm in its commitment to support Argentina. He thought that Hong Kong and China, both driven by domestic imperatives, will probably stick to their pledges to maintain the current level of their currencies.

"But a collapse of the Argentine currency board, unlikely as it may be, could give both China and Hong Kong a welcome pretext to break their political promises," he said.

POUND SPOT FORWARD AGAINST THE POUND

Table showing exchange rates for the Pound Spot Forward against the Pound, including columns for currency, bid/ask rates, and various market indicators.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table showing exchange rates for the Dollar Spot Forward against the Dollar, including columns for currency, bid/ask rates, and various market indicators.

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Table of exchange cross rates for various currencies including Euro, Swiss Franc, Japanese Yen, etc.

UK INTEREST RATES

Table of UK interest rates for various terms like 3-month, 6-month, 12-month.

LONDON MONEY RATES

Table of London money rates for various currencies and terms.

EMIS EUROPEAN CURRENCY UNIT RATES

Table of EMIS European Currency Unit rates for various currencies.

PHILADELPHIA 6% S&P 500 OPTIENS

Table of Philadelphia 6% S&P 500 options data.

PHILADELPHIA 3-MONTHS OPTIENS

Table of Philadelphia 3-months options data.

STERLING YEN FUTURES

Table of Sterling Yen futures data.

STERLING EURO DOLLAR FUTURES

Table of Sterling Euro Dollar futures data.

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BASE LENDING RATES

Table of base lending rates for various banks and currencies.

BASE LENDING RATES

Table of base lending rates for various banks and currencies.

WORLD INTEREST RATES

MONEY RATES

Table of world interest rates for various currencies and terms.

INTERNATIONAL CURRENCY RATES

Table of international currency rates for various currencies.

THREE MONTH EURO DOLLAR FUTURES

Table of three month Euro Dollar futures data.

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Table of three month Euro Dollar futures data.

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Advertisement for FT European Pensions Conference, featuring speakers like Professor Mario Monti, Mr Kees van Rees, and Mr Martin Jack. Includes contact information for FT Conferences.

COMMODITIES & AGRICULTURE

IPE and Nymex to step up talks

Plans to merge the London and New York energy markets are gathering pace with a meeting next week

By Paul Solman

Next week's meeting of the International Petroleum Exchange board is the latest step in the plan to merge the London energy market with its counterpart in New York.

The IPE says it will keep its position confidential while it negotiates with the New York Mercantile Exchange, but the board meeting is intended to finalise the London exchange's response to the Nymex proposal, which was announced last November.

Both sides acknowledge there is much to iron out, including regulatory and membership issues and the practicalities of operating a transatlantic exchange. But they expect talks to press ahead promptly.

The IPE has also been carrying out consultations with its members and exchange users, such as oil companies. "There is no definite timetable but we don't expect it to be a long, drawn-out process," Lynton Jones, chief executive of the IPE, said yesterday.

The merger would see the world's two benchmark crude oil futures contracts at one exchange, although both sides say the IPE's Brent crude and Nymex's West Texas Intermediate crude contracts could co-exist, as they represent different aspects of the oil market.

Both contracts have tracked each other's movements in recent years, and both have shown similar changes as they have been battered to 19-year lows by the Asian crisis and oversupply.

"Price movements show the two contracts move in correlation and there is a good deal of arbitrage," said Mr Jones.

The larger of the two contracts is Nymex crude, which recorded average daily volumes of just under 121,500 last year, 47 per cent of the exchange's total volumes.

Brent crude is even more important to the IPE, accounting for 70 per cent of the volume traded last year and averaging about 54,000 of the 77,000 lots traded each day.

A driving force behind the merger is a trend of strategic alliances and consolidation among the world's futures and options exchanges.

Eurex, which last year overtook the London International Financial Futures and Options Exchange (LIFFE) as Europe's largest derivatives exchange, was created by the merger of the Deutsche Terminbörse (DTB) of Germany and Sofex of Switzerland.

More recently, the Frankfurt-based Eurex exchange has been in discussions with the Chicago Board of Trade, the world's largest commodities exchange, about forming a transatlantic alliance, though that plan has been delayed until March 2000.

Mattif, the Paris derivatives market, has held talks with the Chicago Mercantile Exchange to form an alliance that could also include the Singapore International Monetary Exchange (SIMEX).

In fact, Nymex had already been through its own merger, when in 1994 it hooked up with Comex, the metals exchange.

The foundation of such alliances has created the opportunity to cut costs and make the markets more attractive to customers.

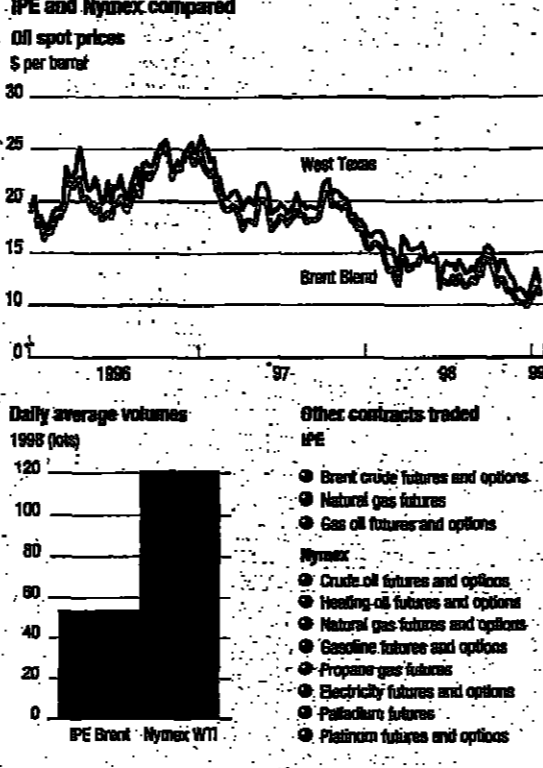
One trend has been towards replacing pit-based, open-outcry trading with cheaper, electronic systems. Life's decision last year to abandon pit-based trading was forced upon it by competition from the Eurex screen-based system.

Both the IPE and Nymex retain pit-based trading, although since 1997 they have been upgrading their electronic systems - ETS in London and Access in New York - to create a compatible electronic platform.

"This year we will soon both have an identical system, those ours will be called ETS II while theirs will be Access 2000," Mr Jones said.

Meanwhile, both the IPE and Nymex say they have been in discussions with their respective regulators, the Financial Services Authority in the UK and the CFTC in the US.

IPE and Nymex compared



1998 (1000) IPE Brent Nymex WTI

In addition, the IPE already trades its natural gas futures on-screen and is moving to trade Brent crude and gas oil futures electronically out of hours.

Savings can also be made through common clearing. "Clearly an alliance involves reducing costs of things such as clearing. But common clearing is a big issue and might not be something that we would move to immediately," said Mr Jones.

Meanwhile, both the IPE and Nymex say they have been in discussions with their respective regulators, the Financial Services Authority in the UK and the CFTC in the US.

Mr Jones pointed out that there is a precedent for this in a cross-border exchange in the form of OM Group, the Swedish group that owns the Stockholm Stock Exchange and the OM London derivatives exchange.

Changes forecast in prices of aluminium

By Gillian O'Connor, Mining Correspondent

Whatever happens on the economic front, aluminium prices are unlikely to stay where they are - not low enough to force production cuts and not high enough to tempt producers to build new smelters - argues Anthony Bird Associates, the consultants. It reckons the change is more likely to be up than down.

Its latest quarterly forecast shows a 1999 surplus of 482,000 tonnes, giving way to deficits of 128,000 tonnes in 2000 and 443,000 in 2001. It expects prices to recover to \$1,900 per tonne by 2001.

The largest single market for aluminium is transport. Another report, looking at longer-term prospects, predicts that by 2008 the aluminium market of a typical car will increase by some 61 per cent, mainly replacing steel and cast iron.

Brook Hunt, the consultancy group, believes areas of particular growth will be body parts, engine blocks, suspension components, safety systems, heat exchangers and wheels. However, less aluminium will be used in induction systems and transmission casings, where it will be challenged by plastics and magnesium respectively.

Customers are demanding (and getting) more accessories, such as air conditioning, as standard, while the industry is incorporating more safety features, such as airbags. Both make cars heavier, hence the need to save weight elsewhere.

The prediction of a 61 per cent increase in aluminium content over the next 10 years comes on top of a rise of some 47 per cent in the past eight years. However, Brook Hunt admits that many observers had thought it would have risen even further already.

NEWS DIGEST

COCOA AND COFFEE

World Bank welcomes Ivory Coast liberalisation

The World Bank has welcomed a move by Ivory Coast, the world's leading cocoa producer, to dissolve Caistab, the parastatal commodities marketing board, as a step towards the final liberalisation of the cocoa and coffee markets.

World Bank officials in the capital Abidjan said the dissolution of the board coincided with moves pronouncing export procedures and minimum pricing for coffee, which was officially liberalised last October, but effectively so only yesterday.

The government said it would retain a 25 per cent stake in a new Caistab with greatly diminished powers, which include harvest forecasting and the supervision of policy, but no control over pricing. Under the new regulations no prior authorisation is needed for exports.

Insider dealing and corruption within the Caistab - which has controlled external marketing and pricing of commodities since the 1960s - earned it the name "Caisse Noire" among World Bank officials, who have driven the market liberalisation policy in Ivory Coast. There were some fears that its dissolution would adversely affect quality control, but Bank officials dispute this, however, saying the Caistab ceased to fulfil its downstream obligations years ago.

The liberalisation of the 250,000 tonne coffee market is seen as an acid test of the government's commitment to the later cocoa liberalisation, which is due in October. Ivory Coast produces about 40 per cent of the world's cocoa. Last year's harvest is expected to reach 1.1bn tonnes. William Wallis, Lagos

INDONESIA

Commodity exports set to fall

Commodity exports from Indonesia, one of the world's leading producers, are likely to fall this year, according to figures released yesterday by the trade and industry ministry. Cocoa sales are expected to amount to \$338m compared with \$360m last year, while coffee exports will drop from \$510m to \$479m.

The country is the world's third largest producer of both cocoa and coffee. It is expected to produce a record 310,000 tonnes of cocoa in the 1998-99 season, according to US Department of Agriculture estimates, a rise of 1 per cent on the previous season. Domestic prices of cocoa rose more than 300 per cent last year because of the depreciation of Indonesia's currency, the rupiah.

USDA has put the country's coffee output at 6.8m bags this season, 8 per cent fewer than in 1997-98. The crop is still recovering from a severe drought in 1997 that damaged coffee trees and delayed the harvest.

Indonesia's overseas sales of crude palm oil have already begun to fall because of a rise in export taxes to 80 per cent. In addition, production has been hit by heavy rain and growers say output fell 15 per cent last month. The industry ministry predicts that crude palm oil exports will total \$505m this year against \$539m in 1998. Rubber exports are expected to drop to \$1.5bn compared with \$1.8bn last year. Paul Solman

Rise in zinc lifts other base metals

MARKETS REPORT

By Gillian O'Connor and Paul Solman

A rise in the zinc price pulled most base metals slightly higher on the London Metal Exchange but traders said this was the result of trading by investment funds relying on technical analysis (chartists).

Although aluminium prices remain depressed and the surplus is forecast to increase, traders are not expecting output cuts.

"Although Alcan, Alcoa and Reynolds all stated that they were not planning to restart their remaining idled capacity [not surprisingly in the current environment], none of these producers held out any hopes of aluminium suppliers making voluntary cuts in production," said Macquarie.

Alcan, the world's second biggest aluminium producer, accompanied yesterday's depressed fourth-quarter results with a forecast of an increased surplus in 1999.

Jacques Bougie, chief executive, predicted a rise from 350,000 tonnes in 1998 to 350,000 tonnes in 1999.

Macquarie's own forecasts are 450,000 tonnes and 750,000 tonnes respectively.

Meanwhile, world oil prices rose slightly yesterday in the wake of the America Petroleum Institute's weekly report, which showed US oil stocks fell by 4m barrels last week to 1.63m.

In late trading on London's International Petroleum Exchange, the bench-

mark March contract for Brent blend was \$10.79 a barrel, against Wednesday's close of \$10.51.

The Baltic Freight index rose 35 points to 836. The index, which tracks dry cargo freight rates, has dropped to 12-year lows of under 780 as the shipping industry has continued to suffer from the slowdown in demand for goods in Asia.

COMMODITIES PRICES

BASE METALS

Table with columns for metal type (Copper, Aluminium, Zinc, Lead, Tin, Nickel, Silver, Gold, Platinum, Palladium), price change, high, low, and volume. Includes sub-sections for LONDON METAL EXCHANGE and LONDON TRADED OPTIONS.

Precious Metals continued

Table for Precious Metals continued, including Gold COMEX, Platinum NYMEX, and Palladium NYMEX.

GRAINS AND OIL SEEDS

Table for Grains and Oil Seeds, including Wheat, Soybean Meal, Soybean Oil, and Soybean Meal.

SOFTS

Table for Softs, including Cocoa, Coffee, and Sugar.

MEAT AND LIVESTOCK

Table for Meat and Livestock, including Live Cattle, Pork, and Sheep.

ENERGY

Table for Energy, including Crude Oil NYMEX, Crude Oil IPE, and Heating Oil NYMEX.

CRUDE OIL NYMEX

Table for Crude Oil NYMEX, showing price changes and volumes for various grades.

SOYBEAN OIL

Table for Soybean Oil, showing price changes and volumes.

SOYBEAN MEAL

Table for Soybean Meal, showing price changes and volumes.

SOYBEAN OIL

Table for Soybean Oil, showing price changes and volumes.

PRECIOUS METALS

Table for Precious Metals, including Gold, Silver, Platinum, and Palladium.

UNLEADED GASOLINE

Table for Unleaded Gasoline, showing price changes and volumes.

Wool

Table for Wool, showing price changes and volumes.

INDICES

Table for Indices, including various market indices.

JOTTER PAD

Jotter pad with a grid for notes and a list of solutions for a crossword puzzle.

CROSSWORD

Crossword puzzle grid with clues for 1-30 across and 1-11 down.

Solutions for the crossword puzzle, including words like 'Initial edge missing from the work in French museum', 'Sword can cause mark', etc.

EXAMINATION TABLE with columns for subject, marks, and other details.

Handwritten text at the bottom of the page, possibly a signature or note.

Handwritten Arabic text at the top center of the page.

FT MANAGED FUNDS SERVICE

Offshore Funds

OFFSHORE AND OVERSEAS

BERMUDA (FSA RECOGNISED)

Table listing Bermuda funds including Liberty Germany Funds Ltd, Liberty Japan Funds Ltd, Liberty US Funds Ltd, etc.

BERMUDA (REGULATED)**

Table listing regulated Bermuda funds including American Investment Management Ltd, American Income Fund Ltd, etc.

CAYMAN ISLANDS (REGULATED)**

Table listing Cayman Islands funds including Adelphi Europe Fund, Adelphi Japan Fund, Adelphi US Fund, etc.

Table listing various international funds including Royal Bank of Canada US Fd Mgrs Ltd, American Profit Fund Plc, Global Asset Management (GAM), etc.

GUERNSEY (REGULATED)**

Table listing regulated Guernsey funds including AMZ Invest Co (Guernsey) Ltd, Bank of Guernsey, etc.

Advertisement for Bankgesellschaft Berlin AG, featuring the Brandenburg Gate and Checkpoint Charlie. Text: 'The Brandenburg Gate, Berlin Zoo, Checkpoint Charlie, Bankgesellschaft Berlin. When in Berlin, don't miss the landmarks.'

Table listing various international funds including AMZ Invest Co (Guernsey) Ltd, Bank of Guernsey, etc.

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ISLE OF MAN (FSA RECOGNISED)

Table listing Isle of Man funds including Alliance & Leicester Intl Fd Mgrs Ltd, etc.

ISLE OF MAN (REGULATED)**

Table listing regulated Isle of Man funds including City Financial Advice (Intl) Ltd, etc.

JERSEY (FSA RECOGNISED)

Table listing Jersey funds including AB Fund Managers (UK) Ltd, etc.

Vertical text on the left margin: 'Bank welcomes Coast liberalisation', 'Commodity exports set to fall', 'CROSSWORD'.

LONDON SHARE SERVICE

OTHER INVESTMENT TRUSTS

Table listing various investment trusts with columns for name, price, and change.

INVESTMENT COMPANIES

Table listing investment companies with columns for name, price, and change.

LEISURE & HOTELS

Table listing leisure and hotel companies with columns for name, price, and change.

LIFE ASSURANCE

Table listing life assurance companies with columns for name, price, and change.

MEDIA

Table listing media companies with columns for name, price, and change.

MEDIA - Continued

Table listing media companies (continued) with columns for name, price, and change.

OIL EXPLORATION & PRODUCTION

Table listing oil exploration and production companies with columns for name, price, and change.

OIL, INTEGRATED

Table listing integrated oil companies with columns for name, price, and change.

OTHER FINANCIAL

Table listing other financial companies with columns for name, price, and change.

PAPER, PACKAGING & PRINTING

Table listing paper, packaging, and printing companies with columns for name, price, and change.

PHARMACEUTICALS

Table listing pharmaceutical companies with columns for name, price, and change.

PROPERTY - Continued

Table listing property companies (continued) with columns for name, price, and change.

SUPPORT SERVICES

Table listing support services companies with columns for name, price, and change.

PROPERTY - Continued

Table listing property companies (continued) with columns for name, price, and change.

RETAILERS, FOOD

Table listing food retailers with columns for name, price, and change.

RETAILERS, GENERAL

Table listing general retailers with columns for name, price, and change.

SUPPORT SERVICES - Continued

Table listing support services companies (continued) with columns for name, price, and change.

TELECOMMUNICATIONS

Table listing telecommunications companies with columns for name, price, and change.

TOBACCO

Table listing tobacco companies with columns for name, price, and change.

TRANSPORT

Table listing transport companies with columns for name, price, and change.

TRANSPORT - Continued

Table listing transport companies (continued) with columns for name, price, and change.

WATER

Table listing water companies with columns for name, price, and change.

AMERICANS

Table listing American companies with columns for name, price, and change.

CANADIANS

Table listing Canadian companies with columns for name, price, and change.

SOUTH AFRICANS

Table listing South African companies with columns for name, price, and change.

AIM - Continued

Table listing AIM companies (continued) with columns for name, price, and change.

AIM

Table listing AIM companies with columns for name, price, and change.

TRADED INDEX SECURITIES

Table listing traded index securities with columns for name, price, and change.

AIM

Table listing AIM companies with columns for name, price, and change.

Alternative Investment Market

Text describing the Alternative Investment Market and its services.

GUIDE TO LONDON SHARE SERVICE

Guide to London Share Service, including contact information and service details.

Advertisement for Charles Schwab, featuring the text 'Visitors welcome' and 'Helping Investors Help Themselves'.

LONDON STOCK EXCHANGE

Sellers gain upper hand as Footsie run falters

MARKET REPORT

By Steve Thompson, UK Stock Market Editor
An erratic and mostly indecisive session in UK equities yesterday ended with the sellers finally getting the upper hand...

index was 88.3 lower at 6,022.3. Just off its session low. And there were losses right across the market with the FTSE 250 down 9.1 at 4,875.0 and the FTSE Small-Cap 2.8 easier at 2,105.3.

of the US Federal Reserve, about the high level of US share prices, had deterred some investors, as did references to the record high achieved by the price earnings ratio on the FTSE Non-Financials index.

potential for more South American turmoil and on a "bubble" in US internet stocks. Wall Street gave no real lead to London when the US market opened yesterday.

ered a substantial loss on its Thai loan book, dented HSBC shares and produced a sympathetic decline in Standard Chartered.

do," said one marketmaker. But the bears insist valuations are overstretched and that a correction is overdue.

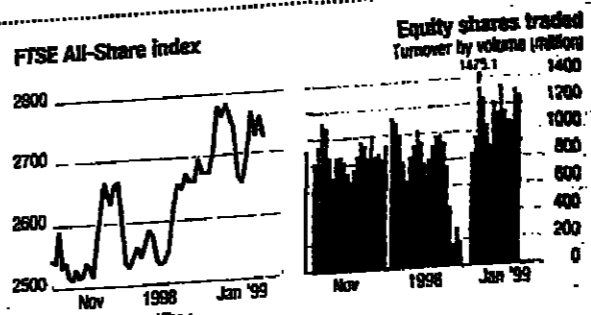


Table with 2 columns: Index and Ratio. Rows include FTSE 100, FTSE 250, FTSE Small-Cap, FTSE All-Share, and various ratios like P/E, Dividend Yield, etc.

SB feels two-way pressure

COMPANIES REPORT

By Peter John and Martin Brice
SmithKline Beecham experienced turnover of 31m - heavy even by current busy standards - after a two-way pull sent the shares swinging around before closing 15.1 down at 850p.

HSBC was a focus for early market nervousness as the spectre of Asian contagion resurfaced. One US newspaper said HSBC could reveal "huge" losses on its \$3bn Thai loan portfolio with its 1998 results due on February 22.

HSBC was unable to comment as it is in its close period. One analyst said the Thailand news was already in the price. The shares stabilised and closed 4.8 lower at 517.18.

Best and worst performing FTSE sectors. Charts showing performance for Chemicals, Food Producers, and other sectors from Oct 1998 to Jan 1999.

would reduce the proceeds. One broker is thought to have found a method of avoiding the tax charge. ARM gained 75p to £15, while Acorn gained 4 to 111.5p.

Shares in the household goods company were actively traded on Wednesday with dealers saying ABN Amro had picked up chunks of shares at 740p.

FUTURES AND OPTIONS

Table with multiple columns: Index, Open, High, Low, Close, etc. for FTSE 100, FTSE 250, and FTSE All-Share futures and options.

Analysts said Zeneca was at its most vulnerable to a counter-bid during the period between publication of the offer document and approval at the AGM.

FT 30 INDEX table showing values for Jan 21, 20, 19, 18, 17, 16, 15, 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1, 0.

STOCK MARKET TRADING DATA table showing volume, value, and other metrics for various sectors.

Christmas period that saw others suffer. The stock was the best performer in the FTSE 250, gaining almost 23 per cent or 30.4 to 167.4p.

Merger candidate Guardian Royal Exchange was steady at 354.4p with support from HSBC Securities. The broker published a range of take-out targets, which started at 385p a share and rose to 473p.

LONG RECENT ISSUES, EQUITIES

Table listing recent issues and equities with columns for issue price, amount, and other details.

RIGHTS OFFERS

Table listing rights offers with columns for issue price, amount, and other details.

FTSE GOLD MINES INDEX

Table showing FTSE Gold Mines Index values and performance metrics.

Large advertisement for European Community Newspaper with a large image and text: 'European Community Newspaper. Subscribe for a year and receive 4 weeks extra free.'

FTSE Actuaries Share Indices

Table showing FTSE Actuaries Share Indices for various sectors like 10 Actuaries, 12 Education, etc.

TRADING VOLUME

Table showing trading volume for major stocks yesterday, including AstraZeneca, AstraZeneca, etc.

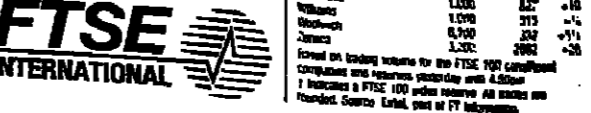
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More senior business people in Europe read the FT than ever before. They value the depth and breadth of its coverage of European news and depend on the FT's unrivalled tracking of the effects of the euro.

FINANCIAL TIMES No FT, no comment.

Hourly movements

Table showing hourly movements for FTSE 100, FTSE 250, FTSE Small-Cap, and FTSE All-Share.



Handwritten Arabic text: 'سكرا من الامن'

WORLD STOCK MARKETS

Highs & Lows shown on a 52 week basis

EUROPE (EMU) Prices in €

Table listing stock prices for various European countries including Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Portugal, Spain, and Sweden.

EUROPE (NON-EMU)

Table listing stock prices for non-EMU European countries including Switzerland, United Kingdom, and others.

ASIA

Table listing stock prices for Asian countries including Australia, Hong Kong, India, Japan, Korea, Malaysia, New Zealand, Singapore, Taiwan, Thailand, and others.

PACIFIC

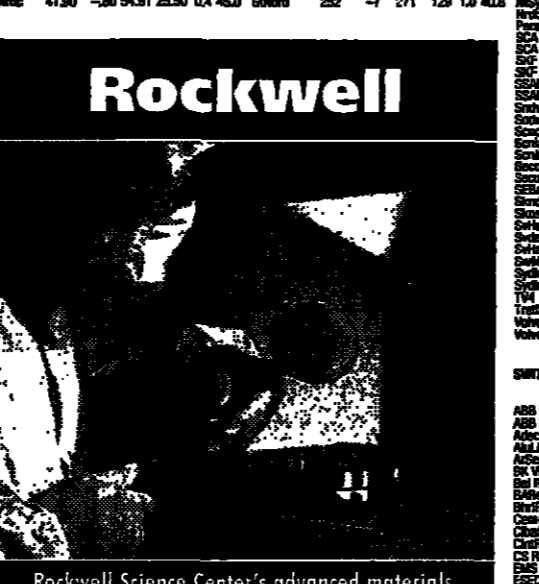
Table listing stock prices for Pacific region countries including Canada, Mexico, and others.

AFRICA

Table listing stock prices for African countries including Egypt, South Africa, and others.

AMERICAS

Table listing stock prices for American countries including Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Puerto Rico, Uruguay, and Venezuela.



Vertical text columns on the left side of the page, likely containing market news or commentary.

Vertical text columns on the right side of the page, likely containing market news or commentary.

FT/S&P ACTUARIES WORLD INDICES

Table showing FT/S&P Actuarial World Indices for various countries, including Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, UK, and others.

Emerging markets

Table showing Emerging Markets Indices for various countries including Argentina, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Puerto Rico, Uruguay, and Venezuela.

IFC investable indices

Table showing IFC Investable Indices for various countries including Argentina, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Puerto Rico, Uruguay, and Venezuela.

Main body of vertical text columns on the right side of the page, likely containing market news or commentary.

Small print at the bottom of the page containing copyright information and other legal notices.

GLOBAL EQUITY MARKETS

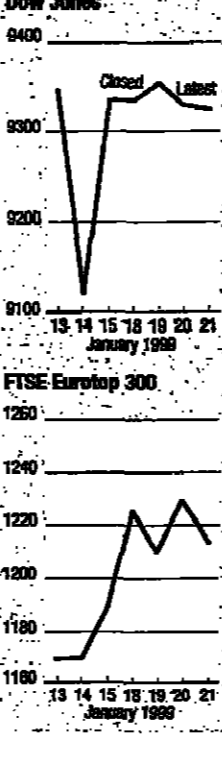
US INDICES

Table with columns for Dow Jones, S&P 500, NASDAQ, and various market indices. Includes sub-sections for US DATA, MARKET ACTIVITY, and US TRADING ACTIVITY.

US DATA

Table containing US economic data points such as GDP, inflation, and interest rates.

Dow Jones



JAPAN

Table with columns for Nikkei 225, TOPIX, and other Japanese market indices.

FRANCE

Table with columns for CAC 40 and other French market indices.

INDEX FUTURES

Table showing futures prices for various indices like S&P 500, Dow Jones, etc.

WORLD MARKETS AT A GLANCE

Large table providing a snapshot of global equity markets across various countries including Australia, Canada, Europe, and Asia.

THE NASDAQ-AMEX MARKET GROUP

Extensive table listing individual stocks and their performance on the NASDAQ and AMEX exchanges, including columns for stock name, price, volume, and change.

AMEX

Table listing specific stocks traded on the AMEX exchange.

EASDAQ

Table listing specific stocks traded on the EASDAQ exchange.

STOCK MARKETS

Brazil turmoil makes caution best policy

WORLD OVERVIEW
Renewed anxiety over the economic turmoil in Brazil, and its potential to spread chaos elsewhere, weighed heavily on financial markets, writes Michael Morgan.

spot, however, as it kicked off the all-important fourth-quarter reporting season. While the oil giant reported a 30 per cent drop in net income, the earnings still beat analysts' forecasts and the shares were trading higher at mid-session.

showed negative volume growth for November and December. The Zurich trader, who described the results as "shocking", said the company had clearly suffered a "very severe and sudden deterioration of momentum". He pointed to Nestlé's dwindling sales in Brazil, its fourth largest market, and south-east Asia as likely causes.

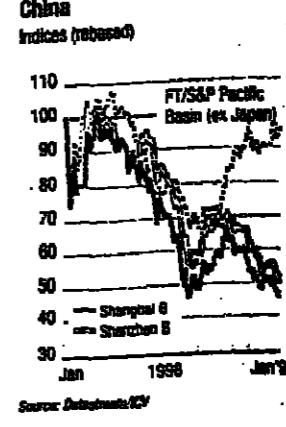
The Anglo-Dutch Unilever and France's Danone both came under pressure. The news was better among some of the smaller European markets. While Helsinki pulled back after three record-setting sessions, Athens picked up the baton to close at an all-time high.

recommended an overweight position in Greek assets. Asia was mixed with Hong Kong and Seoul marked sharply lower. Hong Kong dropped 2.6 per cent as investors continued to fret about banks' exposure to heavily indebted corporates in mainland-China. Seoul lost almost twice as much on worries about the impact of a Chinese devaluation.

ton Biggs, influential chairman of Morgan Stanley Dean Witter Investments, fanned the flames. He warned that if Brazil's economic woes spread to Argentina, they could set off a new round of destabilising devaluations. If Argentina devalued, Mr Biggs said, speculators might be emboldened to attack other currencies, including the Hong Kong dollar. China might also be forced to devalue, he said.

EMERGING MARKET FOCUS
China B shares left for dead

The time may have come to draw up an obituary for China's B share markets. The Chinese stock markets for domestic investors buying and selling local-currency A shares has swollen to \$240bn since its birth just over eight years ago. But the foreign-currency B share markets in Shanghai and Shenzhen, established a little later to enable Chinese companies to raise overseas capital at home, have long looked in terminal decline. Now, it seems, they are left for dead.



This week, the Shanghai B share index hit another historic low of 25.75, part of a sorry slide that has lasted two years. The combined B share markets' capitalisation is now just \$2.2bn, less than the assets held in China by some of the biggest foreign banks.

At the beginning of the week, the first new listing to hit the B share markets in seven months got off to an underwhelming start, issuing shares at a paltry price earnings ratio of 5.5 and then slipping on its debut.

By timely contrast, a high-tech Chinese company yesterday began offering A shares on a price earnings ratio of 22 times 1998 earnings, the highest level in the history of China's modern stock markets.

Deflated B share prices are symptomatic of deeper structural problems. The foreign-currency share markets have suffered a long-term liquidity drain. "Without the liquidity to make the casino work, the only thing to do has been watch a very slow death," said one western analyst. A number of foreign brokerages have shut down their Shanghai operations in all but name.

The prospect of a freely convertible currency, which would logically entail the merger of the foreign and local-currency stock markets and be a boon to holders of B shares trading at a discount

James Harding

US techs lead stocks down in nervous trade

AMERICAS
US stocks turned cautious in early trading with technology shares leading the market lower, writes John Lubat in New York.

Microsystems lost 3 1/2% or more than 5 per cent at \$89 1/2. Lucent Technologies fell 3 1/2% to \$109 1/2 after reporting its quarterly earnings. Other stocks in the sector weakened, with AT&T down 3 1/2% to \$54 1/2 and MCI Worldcom off 3 1/2% to \$75 1/2. In the internet sector, America Online fell 5 1/2% to \$14 1/2.

By early afternoon the Dow Jones Industrial Average was down 19.57 to 9,316.34 and the Standard & Poor's 500 index fell almost 1 per cent to 12.15 to 1,944.47. Breaking the downward trend was Dow stock IBM up 1 1/4% to \$105 1/2 in advance of its earnings release later in the day. On the downside, Walt Disney fell 1 1/4% to \$34 1/2 and Coca-Cola 1 1/4% to \$61 1/2.

Shares of America West soared 3 1/2% or 17 per cent to \$22 1/2 while UAL fell 1 1/2% to \$60 1/2. Southwest Airlines fell 1 1/2% to \$26 1/2 after the company reported its earnings results. Plunging semiconductor and internet share prices put the Nasdaq composite under pressure. By early afternoon the Nasdaq had lost 43.14 or 1.8 per cent to 2,372.35. Sun

Nestlé figures hard to digest

EUROPE
Disappointing sales figures from food and beverage group Nestlé and life sciences giant Novartis sent ZURICH tumbling. The SMI index, down 174.8 or 2.4 per cent at 7,125.4, registered the largest loss of the day among the leading bourses.

Nestlé tumbled 4.6 per cent in early response to results that came late on Wednesday, a day earlier than the market had expected. Sales growth for 1998 of 2.4 per cent was well below expectations and the shares, which traded at more than SF3,000 early in January, finished SF2,107 down on the day at SF2,550.

The company had irritated many investors earlier in the week with news that chief executive Peter Brabeck had

resigned after a year in the job. The news was better among some of the smaller European markets. While Helsinki pulled back after three record-setting sessions, Athens picked up the baton to close at an all-time high.

Shares buy-back news got firmly behind Schering. The drugs leader plans to extend its buy-in programme to reduce outstanding equity by 10 per cent. The shares gained \$2.70 to \$112.70. PARIS met with steady selling and the CAC-40 index came off 35.98 at 4,154.03, with the heavyweight sectors under fire, notably banks and oil.

Information technology leader Cap Gemini brushed aside the weak broad tone, surging 7.1 per cent on the back of strong earnings and a round of broker upgrades, including a 17 per cent lift for earnings estimates at Goldman Sachs. The shares

Real weakness prompts São Paulo profit-taking

SAO PAULO fell back in early trading as renewed weakness for the Real, the Brazilian currency, sparked a round of profit-taking and made inroads into a four-day rally that had taken the Bovespa index up a dramatic 47 per cent.

bank adopted a freely floating exchange rate. However, brokers said sentiment had stayed relatively firm, helped by the overnight news that congress had passed a troublesome piece of pension reform.

Bank mergers give Tokyo hope

ASIA PACIFIC
Buoyed by reports of mergers and tie-ups in the banking sector, TOKYO pushed higher for a second day, writes Naoko Nakano. The Nikkei 225 Average rose steadily, climbing 1.6 per cent to 14,345.42 after trading between 14,009.45 and 14,331.23. The weighted Nikkei 300 index rose 1.7 per cent or 3.72 to 220.39, while the broader Topix index of first-sector stocks climbed 1.4 per cent to 14.85 to 1,104.92.

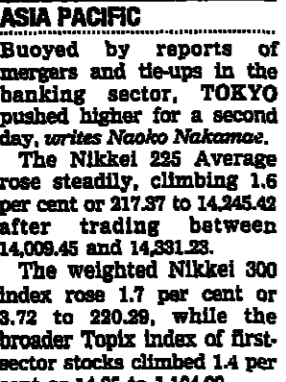
Bank climbed Y110 or 8.38 per cent to Y1,422. Semiconductor-related stocks also continued their upward trend. Advantest, a leading manufacturer of semiconductor-testing devices, rose Y460 to Y3,700, while electronics giant Hitachi climbed Y20 to Y230 and Canon gained Y45 to Y2,540. In Osaka, the OSE index was up 194.96 to 15,016.13. SEUL moved steeply lower on stock overhang concerns as the calendar of rights issues planned for next month rose to Won1,400bn. Brokers said sentiment, already weakened by worries about China and talk of a possible devaluation of the renminbi, had been further

Currency woes hit all share

SOUTH AFRICA
Johannesburg moved lower for a second consecutive day, slipping 32.2 to 5,670.1 on the all share index. Brokers said the weak opening for the Brazilian Real had propelled currency

concerns back to centre stage. Industrials came off 87.0 to 8,587.4 and financials shed 91.8 to 3,606.3. Golds managed to creep higher, helped by a better day for bullion. The sector index hardened 1.3 to \$62.5.

depressed by the news that 13 listed companies planned to raise new equity in February. Blue chips were heavily sold. Korea Electric fell Won1,650 to Won32,500 and Pohang Iron and Steel came off Won1,900 to Won61,100. There was better news in electronics where Samsung gained ground on a story that US giant Intel was set to invest in the company. Samsung hardened Won500 to Won2,500.



Source: DataStream/FT

CHASE
These days, if your execution isn't flawless, your results can be disastrous. Chase's impeccable execution makes us the trading partner you can count on in today's volatile capital, derivatives and foreign exchange markets. Our 4,000 global markets professionals are committed to providing the superior research and precision timing you need to succeed in any market environment. Chase. The right relationship is everything.

Various advertisements on the right edge of the page, including 'US near Europe' and 'Chase'.

Handwritten text at the bottom of the page: 'السيد من الاموال'